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## Annual Accountability Report FY 2006-2007

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# **Annual Accountability Report**

**FY 2006-2007**



*South Carolina Office  
Of  
Regulatory Staff*

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# Section I -- Executive Summary

## 1. Mission and Values

The **mission** of the Office of Regulatory Staff (ORS) is to represent the public interest in utility regulation by balancing the concerns of the using and consuming public, the financial integrity of public utilities, and the economic development of South Carolina.

**Values:** Integrity, Impartiality, Responsiveness, Respect, Professionalism, Innovation, and Excellence.

## 2. Major Achievements from the Past Year

### Case Management:

The settlement of six major electric and gas cases that originated during this fiscal year resulted in savings to customers of approximately \$19 million. The completion of the payout on a settlement that originated in August of 2005 and concluded in September of 2007 saved consumers approximately \$39 million. (Note: The latter amount was not reported in the prior fiscal year's accountability report.) The settlement (or, in one case, resolution) of five major water/wastewater cases resulted in savings to customers of approximately \$2 million. Collectively, these settled or resolved cases account for approximately **\$60 million in savings**.

### Advocacy, Education, Outreach and Assistance:

- ◆ **Customer Complaints and Inquiries.** Processed approximately **3,587** complaints and inquiries and saved customers approximately **\$3,610,905**. (also see first bullet under *Economic Development*).
- ◆ **Billing Dispute for Large Commercial Customer.** Facilitated the resolution of a billing dispute between an investor-owned electric utility and a large commercial customer -- savings of approximately **\$426,000** to the customer.
- ◆ **Deposit Waiver for Domestic Violence Victims.** Facilitated an innovative agreement with each of the investor-owned electric and gas utilities to waive the initial credit and deposit requirements for victims of domestic violence. Regarded as very effective and beneficial by the consuming public and, particularly, at-risk consumers.
- ◆ **Lifeline and Link-up.** Enrolled 5,723 households during this second year of the program -- thus generating a monetary benefit to the program recipients of \$927,126. The per-year cost of the program in relation to the recurring federal funds it brings to the state represents a Return on Investment of 398%. Also, expanded the reach of the Lifeline and Link-up programs to include the Hispanic community and the sea island population.
- ◆ **Inaugural Report on Telephone Competition.** Published report on the status of local telephone competition in South Carolina.

**Regulatory and Safety:**

- ◆ **ORS Review of Duke Response to '05 Storm.** Released ORS review of Duke Energy Carolinas' performance in response to the December '05 ice storm. Received plentiful and favorable media coverage – including very positive editorials in The Post and Courier and The Greenville News.
- ◆ **U.S. GAO Surveys.** Participated in surveys by the U.S. GAO as part of an investigation into price hikes for both oil and natural gas – selected as one of ten regulatory agencies nationwide.
- ◆ **CSX Claims Settlement Conference.** ORS railroad inspector served as an expert witness at a CSX claims settlement conference – 92 violations submitted and accepted from Region 3 (eight southeastern states), with a collective value of about \$460,000.
- ◆ **National Handbook for Rail Safety.** ORS Transportation Manager was one of eight nationwide to participate in the creation of the first edition of a managers' handbook for rail safety.
- ◆ **Comments to FCC.** Filed comments with the Federal Communications Commission (FCC) to represent the public interest of South Carolina in utility regulation on the following matters:
  - Time Warner's petition to preempt a state regulatory order denying the company an amended CPC&N to allow entry into certain rural areas;
  - Missoula Plan – The proposed components of the Missoula Plan revise the structure of inter-carrier compensation in the telecommunications market. S.C. is ahead of most other states in lowering access charges via the Interim LEC Fund which is administered by the ORS. The ORS' comments address several concerns including, among others, a) how a national plan would interact with the already established Interim LEC fund in S.C. and b) how and whether any reductions in access fees resulting from the Plan would be passed on to consumers;
  - Proposed interim cap of “zero” for S.C. with regard to federal Universal Service Fund (USF) funding for ETCs (Eligible Telecommunications Carriers) – This cap would mean zero dollars flowing into the state for investment in telecommunications infrastructure;
  - Proposed reform of federal USF – The ORS filed comments to ensure that any reforms made to the fund would support equitable and reliable delivery of telephone service to high-cost areas of South Carolina.
- ◆ **Comments to FERC on Open-Access Electric Transmission Facilities.** Filed comments with the Federal Energy Regulatory Commission (FERC) regarding a Notice of Proposed Rulemaking (NOPR) pertaining to open-access transmission of electric facilities across the nation. Comments focused on protecting the native-load customers of S.C.'s electric utilities from additional costs and potential deterioration of service that could result from this proposed rulemaking.
- ◆ **Comments on ETC Status.** Reviewed cases regarding ETC status for all wireless carriers and filed comments with the PSC on ETC status in an expanded docket to include wireless and wireline carriers.
- ◆ **Class Action Lawsuit on Behalf of Consumers and Utilities.** Filed to intervene in a class action lawsuit involving possible monetary settlements related to gas purchases made by certain regulated gas utilities. In S.C., the regulated gas utilities pass the cost of gas through to the ratepayers. The

ORS intervened to ensure that any monetary settlements would be properly passed to the rate payers.

- ◆ **Emergency Petition to Protect CLEC Customers.** Filed an emergency petition to protect about 12,000 customers of a CLEC whose service was going to be terminated for non-payment to BellSouth.
- ◆ **Net Metering and Smart Metering.** Participated in hearings on net metering and smart metering; advocated that net metering is a good idea for the retail rate payers of S.C. and for the state's electric investor-owned utilities.
- ◆ **Electric and Gas Benchmarks.** Collaborated with regulated electric and gas utilities to establish benchmarks that will aid in better evaluating a utility's quarterly financial information and will be helpful in future electric and gas rate cases.
- ◆ **Educational seminars.** Conducted a series of educational seminars for regulated motor carriers, water/wastewater utility owners and representatives, and pipeline safety operators, regulators, vendors and contractors.

#### **Economic Development:**

- ◆ **Agreement between an Electric Investor-owned Utility and Industrial Customers.** Facilitated an agreement between an electric investor-owned utility and certain industrial customers to better utilize their energy consumption by taking advantage of cost savings through the offering of real-time price signals – approximate annual savings to customers of **\$3 million**.
- ◆ **Parkdale Mills.** Supported an electric service contract between the utility and Parkdale Mills, Inc., to retain the load being served at Parkdale's cotton-yarn-spinning facility near Graniteville – resulting in retention of approximately **250 jobs**.
- ◆ **Green Power Program.** Spearheaded ongoing discussions with the S.C. Energy Office and SCE&G, Duke Energy, and Progress Energy which resulted in an agreed-upon process to establish a Green Power program for South Carolina to be called Palmetto Clean Energy (PaCE).

#### **Administrative:**

- ◆ **Legislative Audit Council Outstanding Review.** Received an outstanding review by the Legislative Audit Council on the administration of the Universal Service Fund.
- ◆ **Gross Receipts Reporting/Assessments.** Began collecting gross receipts information and assessments from pay-telephone service providers and increased overall gross receipt reporting compliance to 99%
- ◆ **Annual Report Forms.** Improved annual report forms for regulated utilities and implemented an E-tariff filing system as part of a joint initiative with the Public Service Commission (PSC) to streamline reporting and eliminate duplication.
- ◆ **New Data Base System.** Began the process to implement a data base system that will have a wide range of capabilities in optimizing the sharing and use of information for the agency.

### **3. Key Strategic Goals for the Present and Future Years**

- ◆ Represent the public interest with integrity and impartiality by balancing the concerns of all stakeholders.
- ◆ Monitor utility compliance with rules, regulations, and statutes.
- ◆ Operate the ORS with professional excellence.
- ◆ Develop and maintain productive and trusting relationships through communication with all stakeholders.

### **4. Opportunities and Barriers That May Affect the Agency's Success in Fulfilling Its Mission and Achieving Its Strategic Goals**

#### **Opportunities:**

- ◆ Develop mutually beneficial alliances with other governmental agencies and organizations for both policy and administrative matters.
- ◆ Create consumer outreach efforts to include new and existing programs as well as new promotional/educational materials and presentations.
- ◆ Increase online accessibility and knowledge transfer to customers and stakeholders for needed services.
- ◆ Monitor federal and state laws and regulations, make policy recommendations, and advocate for changes where necessary.
- ◆ Increase staff expertise in regulatory and technical matters through training and sharing of best practices.
- ◆ Maximize intra-office efficiency through leadership opportunities and cross-functional, inter-departmental communication and collaboration.

#### **Barriers:**

- ◆ Interpret and analyze the impact of federal and state statutory and regulatory developments in the various utility industries and advocate for changes where necessary.
- ◆ Interpret and analyze the impact of external market factors on fuel prices, transport prices, and other factors that may ultimately affect rates charged and service provided by regulated utilities.
- ◆ Design and implement a new regulatory data base system while training staff to make full use of the system.
- ◆ Retain and recruit qualified employees comparable to industry standards; develop the necessary expertise for changes in the utility industry and for cyclical, seasonal, or evolving changes in workload; and provide appropriate career management to include knowledge transfer, career path planning, and leadership development.

### **5. Use of Accountability Report to Improve Organizational Performance**

The Accountability Report is an integral tool in the agency's continuous improvement process involving input from the agency leadership team, agency staff, the State Regulation of Public Utilities Review Committee, and the South Carolina Legislature. It provides a benchmark by which progress can be gauged on key measures of performance. This information is used in conjunction with the agency strategic planning process to guide the course of the agency in fulfilling its mission and objectives. (Refer to *Section II Organizational Profile, Item 9*, for a more complete description of the agency's performance improvement system.)

## **Section II – Organizational Profile**

**1. Main Products and Services and Primary Delivery Methods.** The main products and services of the ORS are delivered as follows:

- ◆ Representing the interest of consumers – legal representation in rate setting and other regulatory matters; inspections; audits; safety monitoring; and consumer advocacy and education
- ◆ Representing the interest of regulated utilities – audits; technical assistance; economic analysis; policy recommendations; and rate adjustment application reviews
- ◆ Representing the interest of the economic development of the state – facilitation of balanced settlements; economic analysis and recommendations; policy recommendations

### **2. Key Customer Segments and Their Key Requirements/Expectations.**

The ORS is charged with representing the public interest of South Carolina in utility regulation for the major utility industries – electric, natural gas, telecommunications, water/wastewater, transportation, and low-level radioactive waste disposal – before the PSC, the court system, the S.C. General Assembly, and federal regulatory bodies. The ORS also has oversight responsibility for railroad safety and natural gas pipeline safety in South Carolina.

For purposes of utility regulation by the ORS, S.C. Code Annotated § 58-4-10 defines public interest as a balance among three essential components: 1) **concerns of the using and consuming public** 2) **financial integrity of public utilities** and 3) **economic development of South Carolina**

#### **Key Customer Segments:**

1. **consumers of regulated utilities**
2. **public utilities**
3. **citizens of South Carolina**

#### **Key Requirements/Expectations:**

By law, as defined in S.C. Code Annotated § 58-4-10, the key expectation of all ORS customers is that the agency represent the public interest in utility regulation. In fact, the ORS is the only state agency with this authority. To fulfill this mandated customer expectation, the ORS provides key services to its customers as categorized below:

- ◆ In legal matters ~
  - Filing testimony
  - Providing staff witnesses
  - Securing expert witnesses, as necessary
  - Conducting formal mediations/arbitrations



- Initiating/mediating settlement agreements
  - Conducting audits -- On-site audits, business audits, management audits, and prudence audits
  - Conducting studies of purchase practices and other operating procedures
- ◆ In consumer issues ~
    - Educating consumers of public utility services
    - Investigating and resolving complaints and inquiries
    - Informally mediating consumer complaints
    - Providing on-site equipment testing
    - Administering funding for assistance programs like Lifeline and Link-up, Sprint Relay Center, Telecommunications Relay Service, and Telephone Equipment Distribution Program
    - Administering the Universal Service Fund (USF) and Interim LEC Fund
- ◆ In safety matters ~
    - Inspecting the state's railroad system
    - Monitoring natural gas pipeline safety
    - In collaboration with other state agencies, monitoring safety issues in transportation and water/wastewater
- ◆ In policy matters ~
    - Monitoring regulatory and statutory developments at the state and federal levels
    - Developing and advocating policy positions that represent the public interest with state and federal lawmaking and regulatory bodies
- ◆ In economic development matters ~
    - Providing input on utility facility siting and on certifications of public convenience and necessity
    - Providing input on territorial matters involving utilities
    - Reviewing and making recommendations regarding utility-filed industrial economic rate incentives
3. **Key Stakeholders.** Taxpayers and the general public; consumers of regulated utilities; S.C. General Assembly; S.C. Public Service Commission (PSC); investor-owned utilities; affiliated state agencies; ORS employees; attorneys appearing before the PSC; the media
  4. **Key Suppliers and Partners.** S.C. Budget and Control Board; State Regulation of Public Utilities Review Committee; federal regulatory agencies; affiliated state agencies
  5. **Operation Locations.** The ORS is located at 1441 Main Street in Columbia, South Carolina, in the Wachovia building. The agency occupies the third floor and a portion of the fourth floor.
  6. **Number of Employees.** At the end of FY 06-07, the ORS had 73 unclassified positions.
  7. **Regulatory Environment under which ORS Operates.** The ORS abides by the mandates and standards of Act 175 of 2004; Act 318 of 2006; the Occupational Safety and Health Administration (OSHA); the American Disabilities Act (ADA); the S.C. Budget and Control Board guidelines and

codes; the S.C. Comptroller General and the S.C. Treasurer accounting requirements; and the S.C. Human Affairs Commission.

**8. Key Strategic Challenges.**

- a. Monitor federal and state statutory and regulatory developments in the various utility industries and advocating for changes where necessary.
- b. Monitor external market factors as related to their effect on fuel prices, transport prices, and other factors that may ultimately affect rates charged and service provided by regulated utilities.
- c. Design and implement a new regulatory data base system while training staff to make full use of the system.
- d. Retain and recruit qualified employees by offering compensation, working conditions, and benefits comparable to industry standards; develop the necessary expertise for changes in the utility industry and for cyclical, seasonal, or evolving changes in workload; and provide appropriate career management to include knowledge transfer, career path planning, and leadership development.

**9. Performance Improvement System.** The creation of the ORS represents a major reform in accountability within the realm of utility regulation. The legislation creating the ORS also created the State Regulation of Public Utilities Review Committee (Review Committee) to oversee the agency. The ten-member Committee includes three members from the S.C. Senate, three from the S.C. House of Representatives, and four appointed by the S.C. General Assembly from the general public.

The Review Committee plays a central role in the agency's performance improvement system. For the ORS as a whole, the Committee established approximately 35 performance measures. In addition, the Review Committee established agency goals that form the strategic plan. The performance measures are categorized as objectives or action items under the goals of the strategic plan. Each year, the Review Committee evaluates the agency based on its goals and performance measures.

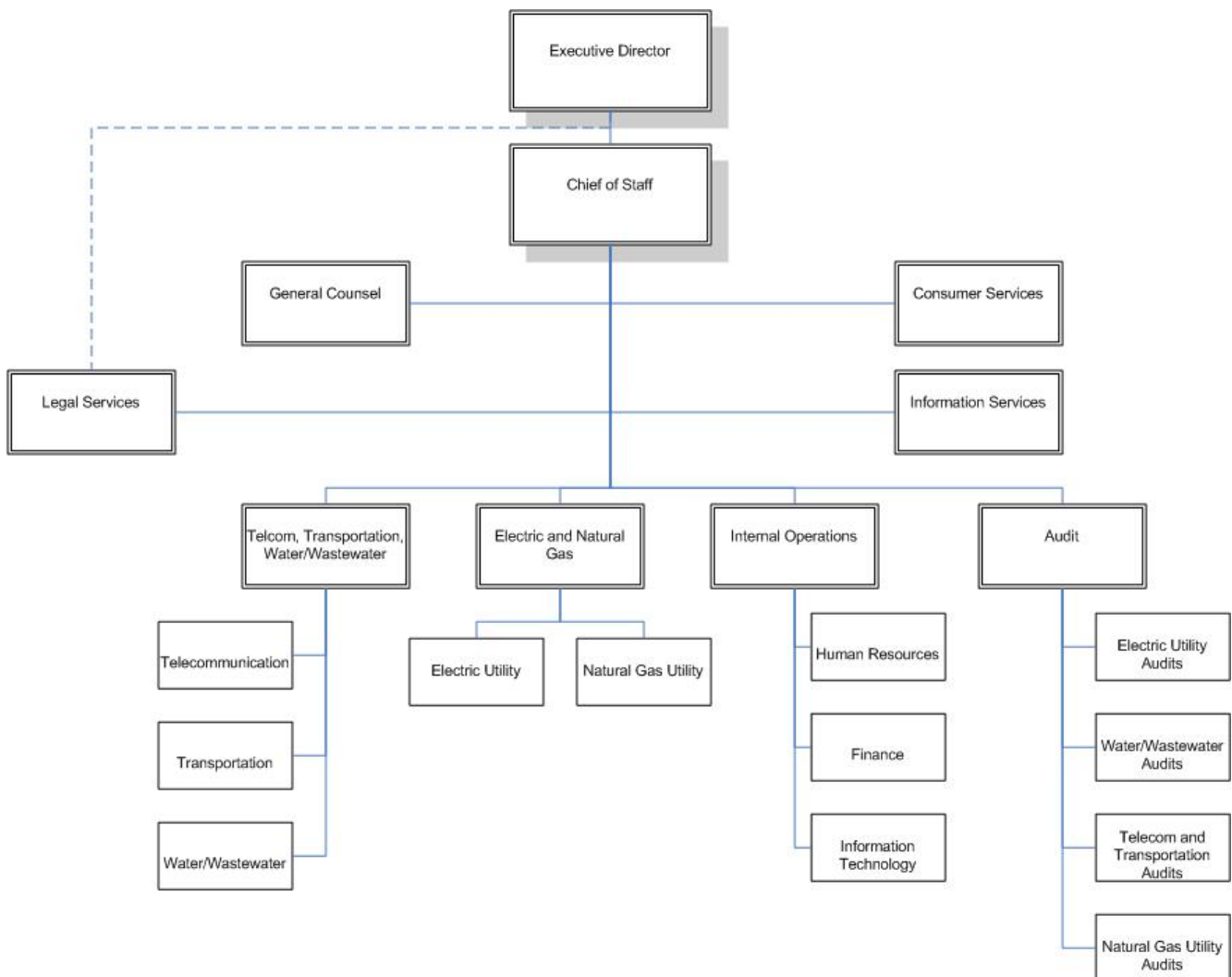
Accountability for performance is built into this system at all levels, beginning with the Executive Director. The Review Committee evaluates the performance of the Executive Director at the same time that it evaluates the agency's performance. The Executive Director's main performance goals are the agency goals. In turn, the performance goals of the Chief of Staff and other members of senior management are linked to agency goals. Also, each member of senior management has as an EPMS objective to contribute to the overall success of the agency by supporting agency goals. At the departmental level, senior management use the goals and objectives of the EPMS process as a means of linking accountability for agency performance to each individual's performance and evaluation. All ORS staff members are evaluated within the EPMS cycle in relation to their contribution toward the agency's success in fulfilling its mission. The ORS implemented a universal review date so that agency and individual performance can be linked and assessed simultaneously.

The Review Committee developed the ORS performance measures to ensure that the agency continuously monitors and improves the processes necessary to fulfill its mission. Toward this end, the ORS has established a performance improvement system. The Executive Director, Chief of Staff, and other members of senior management (directors) comprise the Executive Management Team (Team) that leads this effort. Under the Team's direction, each ORS department monitors performance measures relevant to its role within the agency. The performance measures are updated and reviewed by the Team during quarterly strategic planning meetings. Trends in performance, both positive and negative, are readily identified in this way and communicated to appropriate staff members via their

department director with recommendations on how to effect any necessary changes. Weekly departmental meetings provide a frequent means for two-way communication with regard to making improvements.

In addition to the quarterly strategic meetings, the Team has an annual strategic planning session. At this session, team members assess the agency’s current strengths and opportunities using a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis. Based on this assessment, the agency’s performance measures within the strategic plan are modified as necessary to keep the plan aligned with the agency’s mission.

## 10. Organizational Structure



**11. Expenditures/Appropriations Chart. –****Base Budget Expenditures and Appropriations**

Major Budget Categories	05-06 Actual Expenditures		06-07 Actual Expenditures		07-08 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$3,680,459	\$0	\$3,899,562	\$0	\$4,308,474	\$0
Other Operating	\$1,138,117	\$0	\$1,185,479	\$0	\$1,457,525	\$0
Special Items	\$3,475,278	\$0	\$3,615,333	\$0	\$4,183,697	\$0
Permanent Improvements	\$0	\$0	\$0	\$0	\$0	\$0
Case Services	\$0	\$0	\$0	\$0	\$0	\$0
Distributions to Subdivisions	\$0	\$0	\$0	\$0	\$0	\$0
Fringe Benefits	\$905,935	\$0	\$970,514	\$0	\$1,206,373	\$0
Non-recurring	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$9,199,789</b>	<b>\$0</b>	<b>\$9,670,888</b>	<b>\$0</b>	<b>\$11,156,069</b>	<b>\$0</b>

**Other Expenditures**

Sources of Funds	04-05 Actual Expenditures	05-06 Actual Expenditures
Supplemental Bills	\$0	\$0
Capital Reserve Funds	\$0	\$0
Bonds	\$0	\$0

**12. Major Program Areas Chart -**

Program Number and Title	Major Program Area Purpose (Brief)	FY 04-05 Budget Expenditures	FY 05-06 Budget Expenditures	Key Cross References for Financial Results*
I. Legal	-To represent ORS and the public in legal proceedings before the Public Service Commission -To provide legal services to ORS	State: Federal: Other: 744,142.00 Total: 744,142.00 % of Total Budget: 8%	State: Federal: Other: 772,444.00 Total: 772,444.00 % of Total Budget: 8%	7.1-1, 7.1-2, 7.1-3, 7.1-4
II. Support Services	-To provide customer service to consumers of transportation companies and regulated utilities -To perform audits of regulated utilities	State: Federal: Other: 1,373,083.00 Total: 1,373,083.00 % of Total Budget: 15%	State: Federal: Other: 1,516,004.00 Total: 1,516,004.00 % of Total Budget: 16%	7.1-2, 7.1-3, 7.1-4, 7.1-5, 7.2-1, 7.2-2, 7.2-3, 7.2-4, 7.4-1,7.5-1
III. Telecommunications, Transportation, Water and Wastewater	-To ensure safety of State railways -To monitor regulated telecommunications, water and wastewater utilities and transportation carriers.	State: Federal: Other: 1,473,808.00 Total: 1,473,808.00 % of Total Budget: 16%	State: Federal: Other: 1,524,620.00 Total: 1,524,620.00 % of Total Budget: 16%	7.1-2, 7.1-4, 7.1-7, 7.1-8, 7.1-10, 7.2-7, 7.2-8, 7.2-10, 7.2-11,7.2-12
IV. Utilities, Electric and Gas	-To ensure safety of gas pipelines -To monitor regulated electric and gas utilities	State: Federal: Other: 930,813.00 Total: 930,813.00 % of Total Budget: 10%	State: Federal: Other: 993,110.00 Total: 993,110.00 % of Total Budget: 10%	7.2-4, 7.2-5, 7.2-6, 7.2-9, 7.2-10, 7.2-11, 7.2-15
V. Dual Party	-To regulate a statewide program to provide access to basic phone service for the hearing and speech impaired	State: Federal: Other: 3,475,278.00 Total: 3,475,278.00 % of Total Budget: 38%	State: Federal: Other: 3,615,332.00 Total: 3,615,332.00 % of Total Budget: 37%	
<b>Below: List any programs not included above and show the remainder of expenditures by source of funds.</b>				
	<b>Remainder of Expenditures:</b>	State: Federal: Other: 1,202,665.00 Total: 1,202,665.00 % of Total Budget: 13%	State: Federal: Other: 1,249,376.00 Total: 1,249,376.00 % of Total Budget: 13%	7.3-1, 7.5-1

\* Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.

## **Section III – Elements of the Malcolm Baldrige Criteria**

### **1.0 Leadership**

The leadership team of the Office of Regulatory Staff, referred to earlier as the Executive Management Team (Team), continuously monitors all operational and financial aspects of the agency to address the impact of internal and external factors. This is done through a continuous improvement/strategic planning process as described in *Section II Organizational Profile, Item 9, Performance Improvement System*.

#### **1.1 How do senior leaders set, deploy, and ensure two-way communication for:**

**A. Short-and Long-term Direction and Organizational Priorities.** The Review Committee sets the long-term direction and organizational priorities for the ORS through the agency goals (strategic plan) and agency performance measures (objectives or action plans) that it establishes. Within these established parameters for the long term, the Team manages the short-term direction of the agency. The members of the Team communicate expectations and get feedback from staff through weekly departmental meetings, topic-specific meetings, day-to-day communications, the EPMS process, and the office policy manual. This continuous exchange of information and feedback is a critical element of the agency's performance improvement system.

**B. Performance Expectations.** As noted earlier, the Review Committee established agency performance measures that are categorized as objectives or action plans under the goals of the strategic plan. Management is responsible for providing quarterly written updates to senior management regarding their respective areas' accomplishments in relation to the agency performance measures. Weekly departmental meetings provide a forum for supervisor-staff interaction regarding performance.

In addition, agency performance measures are directly linked to individual staff members' EPMS planning stages at all levels of the agency. Supervisors are responsible for monitoring and evaluating these measures through the EPMS review process for actual performance.

**C. Organizational Values.** Agency values (listed in the *Executive Summary, Item 1*) are included on each staff member's EPMS appraisal as performance characteristics. Each value is stated, along with a definition as it pertains to the ORS. Employees receive a rating of Acceptable or Unacceptable for each value. Through this system, employees and their supervisors have a means of tying performance to values. More generally, agency values are communicated through visual displays in the agency's meeting rooms, through the ORS web site, and by positive examples of conduct from agency leaders.

**D. Empowerment and Innovation.** Senior leaders employ an open-door policy for ORS employees. Staff members at all levels are encouraged to identify any opportunities or barriers they encounter with regard to achieving individual and agency goals. They can provide this input through both formal and informal communications with their supervisor or with any member of senior management. To encourage employees to offer ideas for senior leaders to consider, a suggestion box was established. Ideas from the suggestion box have been integrated into management decisions. Two

examples of suggestions that have been implemented include a library and a pilot flex-time program.

In addition, the agency has established an employee recognition program. This program encompasses a variety of efforts to recognize employees including Employee Week (which coincides with State Government Employee Day) and a Regulatory Rewards peer-award program that allows co-workers to recognize the contributions of their peers.

**E. Organizational and Employee Learning.** Continuously improving the collective industry knowledge and technical expertise of the staff is an ongoing priority. The ORS strongly encourages its employees to participate in training for professional and personal development. The agency uses an e-Training system that provides employees with a means of electronically logging their training hours. Human Resources, the Chief of Staff, and the department directors review trends in training and performance on both an individual and organization-wide basis. This information is shared with individual employees through the EPMS process. Adjustments to the organizational structure are made as necessary with the result often being the assigning of more complex duties to employees who have acquired more advanced skills. (See *Section III, Workforce Focus, 5.3* for example of adjustment.)

**F. Ethical Behavior.** As mandated by the agency's enabling legislation, all ORS staff members participate in six hours of ethics training annually. In addition, state OHR core policies are incorporated into the agency policy manual and are carried out through standard operating practices at all levels of the agency.

### **1.2 How do senior leaders establish and promote a focus on customers and other stakeholders?**

The ORS has a Consumer Services Division whose purpose is to provide a way for consumers to voice questions, complaints, or inquiries regarding their utilities. In addition the ORS, under the guidance of its senior leaders, has created several customer-oriented communication, feedback, and tracking systems. A few examples are as follows 1) an agency web site dedicated to informing and communicating with customers and stakeholders – this web site includes a comprehensive section dedicated to consumer issues, an online consumer complaint/inquiry form, and a variety of downloadable forms 2) a periodic newsletter sent to the State Regulation of Public Utilities Review Committee 3) a quarterly newsletter sent to regulated motor carriers 4) a periodic newsletter for ORS employees 5) customer service compliance reviews with utilities' business offices 6) educational workshops for regulated utilities 7) accessibility and prompt responsiveness to members of the media and 8) communications, both formal and informal, with members of the S.C. Legislature to respond to requests on behalf of constituents and to keep them informed of the agency's progress.

### **1.3 How does the organization address the current and potential impact on the public of its products, programs, services, facilities, and operations, including associated risks?**

As noted earlier, the ten-member Review Committee includes members of the S.C. General Assembly as well as members from the general public. In its oversight of the ORS, the Review Committee is continuously mindful of its accountability to the citizens of the state.

From an agency standpoint, the strategic planning process and performance improvement system provide for an ongoing means of evaluating and effectively addressing the current and future needs of the agency and those it serves. The ORS tracks its key performance measures and seeks professional assistance of other state agencies, federal agencies, or consultants in areas that require expertise

beyond the agency staff. Both formal and informal feedback from various stakeholder groups is assessed and used in making adjustments to programs, products, or services.

With regard specifically to pleadings by regulated utilities, the potential effect on each facet of the public interest is part of the consideration of findings that the ORS reviews in making its recommendations.

#### **1.4 How do senior leaders maintain fiscal, legal, and regulatory accountability?**

Agency senior leaders are responsible for monitoring and maintaining accountability in all agency operations for both state and federal regulations through continuous review of operations, accountability to the Review Committee, ongoing legal consultation, continuous contacts with accountability personnel from other regulatory agencies (state and federal), attention to high standards of operation, and implementation of accountability systems through technology.

The ORS uses the GAFRS accounting system and the Human Resources Information System to assist in maintaining and reporting accountability on the fiscal level. Senior leaders work with other state agencies to ensure compliance with other state guidelines and laws.

#### **1.5 What key performance measures are regularly reviewed by your senior leaders?**

- ◆ Regulatory fiscal oversight (including case management, audits and tracking of utilities' finances, etc.)
- ◆ Regulatory compliance
- ◆ Safety oversight
- ◆ Customer satisfaction
- ◆ Education and outreach
- ◆ Budget and finance
- ◆ Human resources

#### **1.6 How do senior leaders use organizational performance review findings and employee feedback to improve their own leadership effectiveness and the effectiveness of management throughout the organization? How do their personal actions reflect a commitment to the organizational values?**

As noted in Section 1.1-B, the Review Committee established agency performance measures that are categorized as objectives or action plans under the goals of the strategic plan. The Review Committee evaluates the agency annually based on the performance measures. As part of the evaluation, the Committee conducts an annual survey of individuals who have had contact with the ORS concerning matters filed with the Public Service Commission (PSC). This includes matters negotiated by the ORS as well as matters heard by the PSC in which the ORS participated. The Committee also conducts an annual survey of ORS employees. The information from these surveys is used by the Review Committee to evaluate the ORS performance and that of the Executive Director.

The Committee provides senior leaders with feedback based on these evaluations. Senior leaders use this information, along with feedback they continuously gather from staff based on weekly meetings and day-to-day interactions, to make adjustments that may improve the effectiveness of their leadership or management styles.



As noted in detail in 1.1-C, senior management communicates the values of the ORS through the EPMS review process as well as by providing positive examples of leadership. Senior leaders encourage open communication and collaboration among all staff and departments, implement goal-oriented planning, and adhere to and model agency policies and procedures.

**1.7 How do senior leaders promote and personally participate in succession planning and the development of future organizational leaders?**

Human Resources and upper management hold monthly workforce planning meetings. These meetings include reviews of staff profiles (knowledge inventory, number of years to retirement, etc.) and training levels and trends. These assessments provide senior management with ongoing current information regarding staffing strengths and weaknesses so that they can plan organizational structuring and re-structuring needs with further role definition of employees.

**1.8 How do senior leaders create an environment for performance improvement, accomplishment of strategic objectives, and innovation?**

The ORS and its senior leaders operate within an environment of accountability as determined by the agency's enabling legislation and its oversight by the Review Committee. Each year, the Review Committee reviews the accomplishments of the ORS. Guidance provided to the agency based on these reviews is incorporated into senior management's priorities and plans for continuous improvement. These priorities and plans are communicated and implemented at all levels of the agency.

Furthermore, senior management engages in the following practices to create the desired environment for continuous improvement: encourages employees to take initiative and to solve problems; supports the efforts of staff to try new approaches; tracks performance measures for the agency in tandem with the strategic planning cycle, shares feedback with employees through the EPMS cycle, and exchanges information with employees through both regularly scheduled and informal meetings.

In addition, the agency has established an employee recognition program. This program encompasses a variety of efforts to recognize employees including Employee Week (which coincides with State Government Employee Day) and a Regulatory Rewards peer-award program that allows co-workers to recognize the contributions of their peers.

**1.9 How does senior leadership actively support and strengthen the communities in which your organization operates? Include how senior leaders and employees contribute to improving these communities.**

The ORS is involved in civic and charitable activities to help those in need. These efforts have included participation in or support of the following: a blood drive, the Cinderella Project that collects gently used prom wear, the United Way of the Midlands fund drive and the First Ladies' Walk for Life that promotes breast cancer awareness. As individuals, ORS managers and staff members are involved in a wide array of civic activities and professional organizations that benefit the communities in which they live and work.

## 2.0 Strategic Planning

	<b>Supported Agency Strategic Planning Goal/Objective</b>	<b>Related FY 06-07 Key Action Plan/Initiative(s)</b>	<b>Key Cross References for Performance Measures*</b>
Agency Wide	Represent the public interest by balancing the concerns of the public, the financial integrity of public utilities and the economic development of SC.	<ol style="list-style-type: none"> <li>1. Provides technical assistance to new entrants</li> <li>2. Enforces rules, regulations and laws equitably</li> <li>3. Keeps abreast of issues</li> <li>4. Balances the interest of consumers , job development and retention and financial well being of the utilities</li> </ol>	7.1-1, 7.1-2, 7.1-3, 7.1-4, 7.1-6, 7.1-7, 7.1-8, 7.1-9,7.1-10, 7.2-4, 7.2-5, 7.2-6, 7.5-1
Agency Wide	Is responsive to the public	<ol style="list-style-type: none"> <li>1. Resolves consumer complaints in a timely manner</li> <li>2. Solicits public input on emerging issues</li> <li>3. Consults with expert to assess emerging trends</li> <li>4. Utilizes its website so that consumers may be informed</li> <li>5. Publishes consumer brochures and publications</li> <li>6. Provides regular briefings to the media</li> <li>7. Provides media alerts</li> </ol>	7.2-1, 7.2-2, 7.2-3, 7.2-4
Agency Wide	Is alert to and anticipates federal regulatory and industry developments and their effect on SC	<ol style="list-style-type: none"> <li>1. Has processes to alert stakeholders of industry developments</li> <li>2. Retains outside experts when needed</li> <li>3. Reviews and analyzes the impact of state court decisions and federal agency and court decisions</li> <li>4. Pays attention to the interplay between state regulation and the federal intention to regulate</li> <li>5. Maintains knowledge</li> </ol>	7.2-5, 7.2-6, 7.2-7, 7.2-8, 7.2-9
	Are marked by professional excellence	<ol style="list-style-type: none"> <li>1. Hires and retains qualified personnel</li> <li>2. Provides professional training and Ethics workshop</li> <li>3. Provides internally organized and staffed educational programs</li> <li>4. Provides its employees with tools they need</li> </ol>	7.1-1,7.1-2,7.1-3, 7.1-4,7.1-5,7.1-6, 7.2-10, 7.2-11, 7.2-12, 7.4-1

	Are marked by professional excellence (Continued...)	<ul style="list-style-type: none"> <li>and equips the office</li> <li>5. Embraces technology in the workplace</li> <li>6. Optimizes consumer education and outreach and seeks out persons who qualify for special assistance programs</li> <li>7. Participates in state regulatory proceedings and appeals and federal regulatory proceeding and court cases</li> <li>8. Provides input in legislative matters</li> <li>9. Handles properly legislators requests</li> <li>10. Coordinates appropriately with other state agencies</li> </ul>	7.1-1,7.1-2,7.1-3, 7.1-4,7.1-5,7.1-6, 7.2-10, 7.2-11, 7.2-12, 7.4-1
	Promotes excellence in each regulated industry	<ul style="list-style-type: none"> <li>1. Inspects public utilities and enforces laws and regulations</li> <li>2. Minimizes the regulatory burden on companies by taking steps to assist in settlements and mediations</li> <li>3. Minimizes the regulatory burden by improving methods for submitting and access information</li> <li>4. Keeps abreast of best practices</li> </ul>	7.1-1,7.1-2,7.1-3, 7.1-4,7.1-5,7.1-6, 7.1-7, 7.1-8,7.1-9, 7.1-10, 7.2-4, 7.5-1
Agency Wide	Provides value to the citizens	<ul style="list-style-type: none"> <li>1. Provides access to information</li> <li>2. Resolves disputes in a timely manner</li> <li>3. Number of complaints processed, audits performed, enforcement actions brought and commission proceedings participated in justify the number of employees and operational costs of the ORS</li> <li>4. Societal benefits of utility rate stability and affordability, financial performance, infrastructure investment, environmental protection exceeds the monetary costs of the operation</li> </ul>	7.1-2,7.1-3, 7.1-4,7.1-5,7.1-6, 7.1-7, 7.1-8,7.1-9, 7.1-10, 7.2-1, 7.2-2, 7.2-3,7.2-4,7.2-5, 7.2-6, 7.2-10, 7.2-11, 7.2-12

\*Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.

## **2.1 What is your strategic planning process, including KEY participants, and how does it address:**

Members of the Executive Management Team (Team) and the Review Committee are the **key participants** in the strategic planning process. As noted in *Section II, Organizational Profile, Item 9 Performance Improvement System*, the Team's members include the Executive Director, Chief of Staff, and other members of senior management (directors). The strategic planning process has **key process steps** that flow cyclically as follows:

1. Quarterly reviews of the strategic plan in which performance measures are evaluated, trends identified, and recommendations are formulated to be shared with appropriate departments via their Team representative
2. Annual planning session to realign the plan
3. Creation of the following fiscal year's projected budget, based on priorities and needs identified in the strategic plan, to be submitted to the Budget Office

**A. Your Organization's Strengths, Weaknesses, Opportunities, and Threats (SWOT).** During the annual strategic planning session this year, the Team reviewed the prior year's SWOT analysis and updated it to identify currently perceived strengths, weaknesses, opportunities, and threats. Using that information, senior leaders updated the strategic plan and realigned objectives for the long term and for the coming year.

**B. Financial, Regulatory, Societal, and Other Potential Risks.** Through the SWOT analysis process, perceived risks and threats (both internal and external) are identified and addressed through strategic objectives in the plan.

**C. Shifts in Technology or the Regulatory Environment.** Regular reviews of the strategic plan by the Team as well as attendees at regular conferences help assess the efficacy of the plan in the context of any changes in the environment (both technological and regulatory) so it can be adjusted accordingly. A long-term collaborative technology plan is a major component of the agency's strategic planning process.

**D. Human Resource Capabilities and Needs.** Within the strategic planning process, workforce planning meetings are held monthly by Human Resources and upper management to examine organizational structure, staffing patterns, and training trends and needs. This information is analyzed, and necessary adjustments are made to ensure that the agency is structured in the way that best meets current needs and that knowledge transfer and succession planning are accomplished.

**E. Opportunities and Barriers (as described in Exec. Summary, Q. 4).** The opportunities and barriers outlined in the *Executive Summary* are, in large part, products of the SWOT analysis mentioned above in 2.1-A. They provide a framework of desired outcomes for which the objectives of the strategic plan are designed, monitored, and updated.

**F. Business Continuity in Emergencies.** ORS systems such as GAFRS and various data bases, including those that outline ORS processes for conducting work, are housed electronically with the Chief Information Officer (CIO) of the S.C. Budget and Control Board. The CIO has back-up systems in the case of power loss or other emergencies. In addition, the CIO has a disaster recovery and business continuity plan designed to protect the systems and information entrusted to that organization.

**G. Ability to Execute the Strategic Plan.** The strategic planning process for the ORS is designed to receive input from all levels of the organization. Members of the Team discuss the strategic plan with their departmental staff at regular intervals. During the quarterly update meetings for the plan and the annual planning session, input from departmental staff is shared with the rest of the leadership team and becomes part of the analysis to determine what is and is not still a viable part of the plan. In this way, the plan remains a viable and effective course of action for the agency.

**2.2 How do you develop and track action plans that address your key strategic objectives, and how do you allocate resources to ensure the accomplishment of these plans?**

Action plans are developed and updated through the strategic planning process. As each plan is implemented, the ORS documents processes and tracks data as a means of evaluating the effectiveness of the plan. The implementation and ongoing evaluation of action plans is discussed regularly at management and departmental meetings. Resources are allocated by evaluating available staff, workload, and priorities.

**2.3 How do you communicate and deploy your strategic objectives, action plans, and related performance measures?**

As noted earlier (*Section II, Organizational Profile, Item 9 Performance Improvement System*), the Review Committee established agency performance measures that are categorized as objectives or action plans under the goals of the strategic plan. Under the Team's direction, each ORS department monitors its performance relevant to its role within the agency. The performance measures are updated and reviewed by the Team. Trends in performance, both positive and negative, are readily identified in this way and communicated to appropriate staff members via their department director with recommendations on how to effect any necessary changes. Weekly departmental meetings provide a forum for two-way communication with regard to making improvements.

**2.4 How do you measure progress on your action plans?**

The ORS continuously collects a variety of data and feedback to track progress on its action plans. Many measures are quantifiable and directly attributable to actions taken by the agency. A second category of measures are those that, while often quantifiable, may be partially attributable to actions taken by outside entities with which we collaborate to achieve a collectively desired result. (An example of this type of collaboration would be the recruitment of a new industry to the state.) A third category of measures include those that are qualitative in nature, such as feedback received through daily interactions with various stakeholder groups. All types of measures are aggregated, reviewed, and analyzed at quarterly management team meetings, and adjustments are made as necessary to best achieve progress on the action plans.

**2.5 How do your strategic objectives address the strategic challenges you identified in your organizational profile (Section II, Q 8)?**

Several objectives have been designed to meet the strategic challenges. They include, among others, providing training; monitoring state and federal regulations and legislation; attending conferences; conducting process reviews; embracing technology; and monitoring human resources.

## **2.6 How do you evaluate and improve your strategic planning process?**

Because the ORS is still relatively new, the strategic planning process is also new. The measures toward accomplishing goals and objectives provide information that we will use in the future with the plan as necessary.

## **3.0 Customer and Market Focus**

### **3.1 How do you determine who your customers are and what their key requirements are?**

The customers of the ORS and their key requirements are determined according to the agency's enabling legislation, which defines customer groups as facets of the public interest: 1) **concerns of the using and consuming public** 2) **financial integrity of public utilities** and 3) **economic development of South Carolina**. As defined in S.C. Code Annotated § 58-4-10, the key expectation of all ORS customers is that the agency represent the public interest in utility regulation. To fulfill this mandated customer expectation, the ORS meets the key requirements of these customer segments by fulfilling the investigative, legal, prosecutorial and educational roles necessary to utility regulation.

### **3.2 How do you keep your listening and learning methods current with changing customer/business needs and expectations?**

The ORS employs several means of keeping current with changing customer/business needs and expectations. The agency and its staff are affiliated with professional regulatory organizations such as the National Association of Regulatory Utility Commissioners (NARUC). These professional affiliations provide a forum for sharing best practices among regulatory agencies and identifying trends nationwide and regionally.

On the state level, the ORS collaborates with other state agencies to keep abreast of new technology in the provision of services to its customers. The agency also has a Consumer Services Division that serves as a central receiving and tracking point for consumer inquiries and complaints. The agency makes full use of its web site as an interactive tool with customers and stakeholders. The site provides email links to staff, an online consumer complaint/inquiry form, and downloadable forms. The ORS attends community meetings and night hearings, publishes newsletters for various stakeholder groups, distributes consumer information brochures, hosts workshops, and initiates other outreach efforts for its customers and stakeholders. Information gathered from all these sources is analyzed to determine any improvements in operations or policy that need to be made. Such changes are decided upon by senior management with input from staff at the departmental levels.

### **3.3 How do you use information from customers/stakeholders to keep services relevant and provide for continuous improvement?**

The ORS collects and analyzes data and feedback in order to establish benchmark measures for the agency to help guide its future direction. Collection and analysis of information is conducted at the agency, division, and departmental levels as part of the overall continuous improvement process. Findings are shared with all areas of the agency to identify operations or processes in need of improvement. Some specific examples include:

- ◆ The Consumer Services Division records all consumer contacts in its tracking system by type of utility industry and by category of complaint/inquiry. Customer relations compliance reviews are also conducted at the business offices of regulated utilities. Review and analysis of this data allows the ORS to identify patterns in consumer issues and in utilities' customer service that may need to be addressed with regulated utility companies.
- ◆ The Review Committee conducts annual surveys of individuals who have had contact with the ORS concerning matters filed with the PSC and of ORS employees.
- ◆ The ORS obtains input from the regulated utilities and their representatives with regard to the utility industry environment and its impact on the utilities and their customers.
- ◆ The Executive Director maintains a high level of accessibility to members of the Legislature and the media. This allows for a two-way exchange of information as they may let the agency know about constituent concerns or issues on the consuming public's mind, and the ORS can address or answer some of these issues or questions.

### **3.4 How do you measure customer/stakeholder satisfaction and dissatisfaction and use this information to improve?**

The Review Committee conducts an annual survey of individuals who have had contact with the ORS concerning matters filed with the Public Service Commission. This includes matters negotiated by the ORS as well as matters heard by the PSC in which the ORS participated. The Review Committee also conducts an annual survey of ORS employees. The information from these surveys, as well as other information gathered by the Review Committee, is used by the Committee to evaluate the ORS performance and that of the Executive Director. The Review Committee does not share either the survey questions or the specific results from the stakeholder survey, nor do they share the specific results of the employee survey. Nonetheless, the ORS receives guidance based on the results from both surveys. The agency and the Director use the Committee's feedback to make improvements in policies, processes, and operations dealing with customers and stakeholders.

In addition, the ORS has in place various means of measuring customer/stakeholder satisfaction. Current means include 1) conducting workshops that incorporate customer-feedback surveys and 2) engaging in meetings and discussions with key stakeholder and customer groups such as consumer groups, regulated utilities, legislators, and members of the media. Information gathered from these efforts is incorporated into the strategic planning process to re-align action items for continuous improvement.

### **3.5 How do you build positive relationships with customers and stakeholders? Indicate any key distinctions between different customer groups?**

Building positive relationships is a top priority item for the senior management of the ORS. While the specific method used may vary depending on the type of customer/stakeholder group, the end result is the same – that of developing rapport, trust, and open lines of communication. As noted in 3.3 above, the ORS collects and analyzes information from customers and stakeholders as part of the overall continuous improvement process. Findings are shared with all areas of the agency to identify operations or processes in need of improvement. Examples of efforts to build and maintain positive relationships include:

- ◆ A Consumer Services Division that addresses **consumers'** complaints and inquiries and provides consumer education
- ◆ Online access to ORS staff for **consumers and stakeholders** via the ORS web site
- ◆ Online ability to submit **consumer** complaints and inquiries to the ORS
- ◆ Online **consumer** education information as well as hard-copy versions (brochures) created in response to current consumer issues or concerns
- ◆ Online publication of or links to **regulated utilities'** schedules of tariffs
- ◆ Online links to **PSC** for docket, hearing agenda, and other information
- ◆ Online posting of news releases, consumer advisories, and alerts for **media and public access**
- ◆ Quarterly newsletter to **transportation motor carriers**
- ◆ Periodic newsletter to **ORS employees**
- ◆ Periodic newsletters sent to **State Regulation of Public Utilities Review Committee**
- ◆ **Media** accessibility to ORS Executive Director and other senior-level managers
- ◆ Frequent meetings with representatives of **regulated utilities** to address consumer issues, prepare for hearings pending before the PSC, discuss possible facility sitings, etc.
- ◆ Weekly **senior management** meetings and weekly **departmental meetings**
- ◆ Frequent attendance of **community/neighborhood association** meetings
- ◆ Attendance at **public night hearings** to gain **consumer** input on proposed utility rate increases and service issues
- ◆ Hosting of **workshops for stakeholders** with participant surveys used to gauge effectiveness of the workshop
- ◆ Outreach efforts to **low-income or at-risk consumers** through the Lifeline program, the Safety Net initiative, and the domestic violence deposit waiver.
- ◆ Emphasis on fostering the settlement of cases whenever possible due to benefits to **consumers, regulated utilities, and economic development.**

## **4.0 Measurement, Analysis, and Knowledge Management**

### **4.1 How do you decide which operations, processes, and systems to measure for tracking financial and operational performance, including progress relative to strategic objectives and action plans?**

The ORS is required to track various measures of financial and operational performance as mandated by state statute, federal requirements, and federal guidelines. The agency's enabling legislation, for example, states that the ORS has sole responsibility for the inspection, auditing, and examination of public utilities. The agency must be considered a party of record in all filings, applications, or proceedings before the PSC. Therefore, much of the tracking that is done relates to analysis of utilities' compliance as well as operational and fiscal performance.

In addition, the ORS tracks performance measures that relate to internal productivity and service delivery to ensure that the agency mission of representing the public interest in utility regulation is being achieved. The strategic planning process, which includes quarterly reviews as well as an annual planning session, provides a systematic means of reviewing organizational performance and adjusting objectives or action plans as necessary.



#### **4.2 How do you use data/information analysis to provide effective support for decision making throughout your organization?**

Quantitative and qualitative information are continuously analyzed in order to adjust and improve processes and action plans within the various utility-industry departments. Performance measures are reviewed and analyzed at quarterly management team meetings, and adjustments are made as necessary. Federal and state accounting, personnel, and procurement standards and guidelines are used in conjunction with agency information to guide policy and operational decision making throughout the organization.

#### **4.3 What are your key measures, how do you review them, and how do you keep them current with organizational needs and direction?**

The key measures, stated in Category 1.5 and below, are reviewed systematically through a variety of means including the strategic planning process, the performance improvement system, departmental meetings on programmatic initiatives, the EPMS process, and internal tracking of agency finances and human resource data, among others. In all of these systems, review and evaluation is a built-in component which allows for adjustments as external factors change that could affect how the agency should operate to be most effective.

- ◆ Regulatory fiscal oversight (including case management, audits and tracking of utilities' finances, etc.)
- ◆ Regulatory compliance
- ◆ Safety oversight
- ◆ Customer satisfaction
- ◆ Education and outreach
- ◆ Budget and finance
- ◆ Human resources

#### **4.4 How do you select and use key comparative data and information to support operational and strategic decision making and innovation?**

Now entering its fourth year of operation, the ORS is still in the process of building a base of data. For some comparative measures, the ORS can refer to data collected over time by its predecessor in regulatory oversight, the S.C. Public Service Commission. In addition, the ORS can sometimes draw comparisons between what it has tracked thus far and regional or national measures and standards. However, due to the unique nature of the ORS and its duties in relation to the utility-regulation systems of other states, directly comparable data on a particular issue or area is often non-existent.

#### **4.5 How do you ensure data integrity, timeliness, accuracy, security, and availability for decision making?**

From a programmatic standpoint, the ORS has and will continue to develop reliable and up-to-date data sources and data monitoring systems to document, track, and analyze performance. Internal operations data is monitored and reviewed by senior management on a regular basis to ensure that accurate indicators are being provided. Data quality controls are also in place which provide for the security of confidential information.

#### **4.6 How do you translate organizational performance review findings into priorities for continuous improvement?**

As noted elsewhere in this report, the Review Committee evaluates the organization's performance annually based on a review of the agency's accomplishments associated with its performance measures. As part of this review, the Review Committee conducts an annual survey of individuals who have had contact with the ORS concerning matters filed with the Public Service Commission. This includes matters negotiated by the ORS as well as matters heard by the PSC in which the ORS participated. The Review Committee also conducts an annual survey of ORS employees. The Committee provides guidance based on the results to senior leadership. This information is used to adjust the agency's priorities for continuous improvement; progress is monitored throughout the strategic planning cycle and within the performance improvement system.

#### **4.7 How do you collect, transfer, and maintain organizational and employee knowledge (your knowledge assets)? How do you identify and share best practices?**

The ORS employs a variety of means to manage organizational knowledge and share best practices. In all instances deemed beneficial, the ORS implements cross-training of employees. Also, senior management encourages employees to engage in training opportunities for both professional and personal development. Modeled by senior management and filtered through the entire agency are inter-departmental collaborative efforts to share information and best practices. Looking outside the agency, the ORS makes use of best practices information shared among state agencies in South Carolina and among regulatory agencies regionally and nationwide.

### **5.0 Workforce Focus**

#### **5.1 How do you organize and manage work: to enable employees to develop and utilize their full potential, aligned with the organization's objectives, strategies, and action plans; and to promote cooperation, initiative, empowerment, innovation and your desired organizational culture?**

The talent of the ORS staff is aligned to most effectively serve customer needs and expectations. Depending on the duty being fulfilled, staff may work in industry-specific or function-specific teams or they may organize into cross-functional or inter-departmental teams. In this arrangement, the delivery of services to customers is a coordinated approach among departments. It also optimizes the use of staff expertise, provides an opportunity for the sharing of knowledge and best practices, and enables employees to learn new skills and gain knowledge.

To encourage initiative and innovation, senior management employs an open door policy for all ORS employees. ORS employees at all levels are encouraged to identify any opportunities or barriers they encounter with regard to achieving individual and agency goals and objectives. (See *Section III Leadership 1.1-D* for a more detailed explanation).

#### **5.2 How do you evaluate and improve your organization's human resource related processes?**

As noted above in 5.1, the talent of ORS staff is aligned to most effectively serve customers. Depending on the objective, staff may work in industry-specific or function-specific teams, or they may organize into cross-functional or inter-departmental teams. The ORS evaluates processes by reviewing them through workforce planning meetings, executive management meetings, and strategic

planning meetings. Processes are reviewed, documentation is verified, and ideas for streamlining or ease of use are incorporated wherever possible. Questions from employees and management as well as the need for a particular process sometimes generate an evaluation. Attending seminars, classes, legal forums, and professional events as well as contacts with other agencies in this state and other states also generate ideas or best practices that can be used for improvement.

**5.3 How do you identify and address key developmental and training needs, including job skills training, performance excellence training, diversity training, management/leadership development, new employee orientation and safety training? How do you evaluate the effectiveness of this education and training? How do you encourage on-the-job use of the new knowledge and skills?**

As part of the EPMS process, each manager is responsible for assessing training needs and discussing training plans with their employees. The managers provide employees guidance in what training is needed, and employees can express their interests or needs for particular training during this process. Managers assess the training by assignment of applicable duties or by discussing with the employee what they learned and their assessment of the training. ORS employees are encouraged to participate in training opportunities for professional and personal development as well as for management and leadership skills. Workload is often reassigned to take advantage of employees' newly acquired knowledge or skills.

The Human Resources Department meets monthly with upper management to review the collective picture of the agency in terms of staffing needs and trends. The information is shared with department heads on a regular basis. Training is, in some cases, based on the monthly assessments. Training trends and needs in relation to achieving strategic objectives are also evaluated during quarterly strategic planning meetings, and adjustments to training plans are made accordingly.

The agency encourages diversity in the workforce and achieved 99% of its Equal Employment Opportunity (EEO) goal.

With regard to safety, employees are trained in safety issues in seminars and by management where appropriate. Industry-specific safety issues, such as those for natural gas pipeline and railroad, are taught by management on the job and by attending professional training seminars, classes, or conferences for those industries.

In addition, Human Resources assists the departments with identifying needs and getting the training required. Human Resources coordinates ethics training for all employees, and new-employee orientation is provided to all new employees. This year Human Resources arranged for additional training that included sessions on benefits, retirement, Social Security, deferred compensation, estate planning and the Microsoft e-mail software, *Outlook*.

The agency's e-Training system tracks employee training. This system was installed last fiscal year and provides a record of all employee training. A manager or an employee can review the training that has been taken when planning additional training or assessing knowledge.

**5.4 How does employee training contribute to the achievement of your action plans?**

Action plans derived from the strategic plan are analyzed in terms of training needs. These needs then

become a priority for allocating resources to training. In each employee's annual review, training needs are discussed relative to their performance as linked to agency goals.

As employees acquire more complex skills through training, more complex duties may be assigned to them; this training-put-to-use process contributes to more effective attainment of agency goals.

**5.5 How does your employee performance management system, including feedback to and from employees, support high performance and contribute to the achievement of your action plans?**

As noted in *Section III under Customer and Market Focus 3.4*, the Review Committee conducts an annual survey of ORS employees. The information from this survey is used by the Review Committee to evaluate the ORS performance and that of the Executive Director. The Review Committee does not share the specific results of the employee survey. Nonetheless, the ORS receives guidance based on the survey results. The agency and the Director use the Committee's feedback to make improvements in policies and processes involving the agency's employees.

In addition, the agency concentrates its performance evaluation efforts on linking job responsibilities and expectations with the agency mission, its strategic goals, and its action plans. Supervisors understand the need to have position descriptions that include duties linked directly to achieving the agency's objectives. The agency uses the EPMS process as its foundation for planning work priorities, professional development, and evaluation of employees. This process encourages employees to perform well because expectations are communicated and discussed with them in a continuous cycle of performance improvement.

**5.6 How do you motivate your employees to develop and utilize their full potential?**

To encourage open communication, senior management employs an open door policy for all ORS employees. ORS employees at all levels are encouraged to identify any opportunities or barriers they encounter with regard to achieving individual and agency objectives as specified in EPMS plans and the agency's strategic plan. Senior management encourages employees to participate in training opportunities, to engage in cross-functional and interdepartmental sharing of knowledge and best practices, and to take the initiative to solve problems and find innovative solutions.

As noted in *Section III under Leadership 1.1-D*, the agency has established an employee recognition program. This program encompasses a variety of efforts to recognize employees including Employee Week (which coincides with State Government Employee Day) and a Regulatory Rewards peer-award program that allows co-workers to recognize the contributions of their peers. The Human Resources Department has received very positive feedback from employees on these initiatives and is in the process of developing additional initiatives within the employee recognition program.

**5.7 What formal and/or informal assessment methods and measures do you use to determine employee well being, satisfaction, and motivation? How do you use other measures such as employee retention and grievances? How do you determine priorities for improvement?**

Managers have regularly scheduled staff meetings as well as individual meetings with employees to openly discuss issues, ensure open communication, and identify any problems. In addition, as noted in 5.5 above, the Review Committee gathers information and conducts an annual survey of ORS employees and provides guidance based on its results to the agency leadership. The Committee's

feedback is used to make improvements in policies and processes involving the agency's employees.

A suggestion box was implemented this year. As a result, ORS has set up a library for employees to use and has started a pilot flexible working schedule. Also, birthdays are recognized each month with an organization-wide event. Special-occasion meals have also been coordinated by Human Resources to foster employee fellowship. These initiatives have been very well received.

Specifically with regard to human resources, the agency tracks the attrition rate, employment longevity, training and development, trends in EPMS evaluations, grievances, and other information that may be useful in assessing employee well being. ORS Human Resources conducts exit interviews with employees who leave the agency and uses this feedback, along with the aforementioned information that is tracked, to determine priorities for improvement.

### **5.8 How do you maintain a safe, secure, and healthy work environment? (Include your workplace preparedness for emergencies and disasters.)**

The ORS has in place an agency emergency preparedness plan for safe evacuation of its building in the event of fire or some other emergency. Staff has been notified of appropriate paths and method of egress from the building and of a meeting place outside. Regular fire drills are conducted by the building's management company. Also, the ORS has taken measures to increase workplace security by installing code-lock doors at points of entry.

The ORS Human Resources passes along to employees information regarding health issues and periodic health screenings. The agency has a team of employees, known as *First Responders*, who are certified in first aid and cardiopulmonary resuscitation (CPR). When employees identify potential safety or health hazards, management moves quickly to find a solution and thereby eliminate the hazard.

ORS complies with the State Fleet Safe Driver program and training.

## **6.0 Process Management**

### **6.1 How do you determine and what are your key processes that produce, create, or add value for your customers and your organization. How do you ensure that these processes are used?**

The statutory mission of the ORS is to represent the public interest in utility regulation. The agency's key processes are derived directly from this mandated mission. They are categorized as follows:

- ◆ Serving as a party of record in all filings, applications, or proceedings before the S.C. Public Service Commission
- ◆ Inspecting, auditing, and examining public utilities
- ◆ Serving as a mediator between the using and consuming public and regulated utilities to resolve informal complaints and inquiries
- ◆ Providing consumer education to the using and consuming public
- ◆ Monitoring and enforcing safety standards for railroads and for natural gas pipelines

Taken collectively, these processes form the foundation for providing a balanced representation of the

public interest in utility regulation. They serve as the basis for carrying out the agency's duties and are continuously monitored, evaluated, and improved to optimize the delivery of services to customers.

### **6.2 How do you incorporate organizational knowledge, new technology, changing customer and mission-related requirements, cost controls, and other efficiency and effectiveness factors such as cycle time into process design and delivery?**

The ORS focuses on its key processes and, where possible, structures the implementation of those processes in ways that optimize the delivery of services to customers. In some cases, this effort has involved collaboration with other agencies. In other instances, strictly internal processes have involved collaboration among ORS departments to achieve the most efficient means of operating. In the design and delivery of all processes, the ORS sets priorities based on the goals and objectives of its strategic plan and monitors its costs to ensure that budgetary limits and guidelines are met. Examples of recent process improvements that optimize delivery of services to customers include:

- ◆ **Improvements in case management.** The agency is in the process of 1) developing streamlined case management procedures for all utility areas and 2) adopting the use of standardized procedures for confidentiality that can be used in all utility proceedings, to include a standard confidentiality agreement. Two other case management improvements have been completed this fiscal year: publishing of FOIA rules and procedures for the agency and developing streamlined case management procedures specific to the Transportation area.
  - Example: Resulting from tracking information gathered in FY 05-06 regarding average cycle time between notices of revocation of insurance and notices of adequate insurance for motor carriers, the ORS revised the entire rule-to-show-cause process for non-compliance in Transportation. The revised process is expected to reduce the amount of time between when a carrier loses insurance coverage and when their certificate to operate is suspended or revoked.
- ◆ **Improvements in compliance mechanisms.** Major ones developed or implemented this year include: a collaborative effort with the PSC to implement an E-tariff system; revision of annual report forms to streamline the reporting process and eliminate duplication; expansion of gross receipt reporting and assessment to pay phone service providers; and a projected plan to implement a new data base system.
- ◆ **Improvements in benchmarking.** The agency is establishing operational and financial benchmarking measures of the regulated electric and gas utilities to better evaluate their financial performance and to aid the ORS in major electric and gas rate cases in the future.

### **6.3 How does your day-to-day operation of these processes ensure meeting key performance requirements?**

Daily operations of the ORS are guided by its enabling legislation, mission statement, policies, procedures, strategic plan, and performance measures. All functions of the ORS are established, operated, and monitored so that they comply with relevant laws and regulations, meet budgetary requirements, occur within appropriate time frames, and accomplish the mission and goals of the agency.

#### **6.4 How do you systematically evaluate and improve your key product and service related processes?**

The Review Committee developed the ORS performance measures to ensure that the agency continuously monitors and improves the processes necessary to fulfill its mission. Toward this end, the ORS has established a performance improvement system. Under the Team's direction, each ORS department monitors performance measures relevant to its role within the agency. The performance measures are updated and reviewed by the Team during quarterly strategic planning meetings. Weekly departmental meetings provide a frequent means for two-way communication with regard to making improvements. In addition to the quarterly strategic meetings, the Team has an annual strategic planning session. At this session, the agency's performance measures within the strategic plan are modified as necessary to keep the plan aligned with the agency's mission.

The ORS documents processes, gathers feedback, and tracks data as a means of evaluating and improving key product- and service-related processes. This capability is to be enhanced by the implementation of a new data base system. This more robust system will enable all ORS departments to access the same sources of information -- thereby improving processes for the documentation, tracking, retrieval, and integration of information.

#### **6.5 What are your key support processes, and how do you improve and update these processes to achieve better performance?**

The strategic planning process is the means by which the agency's support processes are evaluated and improved. Human resources, finance and accounting, legislative relations, and communications serve as internal support processes within the ORS. Continuous maintenance and improvement of these processes occur throughout the strategic planning cycle, with adjustments made as necessary, and involve a range of efforts including 1) inter-departmental meetings to share information 2) budgetary and HR reporting and projections and 3) the formation of inter-departmental committees to spearhead agency-wide initiatives.

#### **6.6 How does your organization determine the resources needed to meet current and projected budget and financial obligations?**

In addition to following the normal state budgetary process, the ORS must present and justify its budgetary needs to the Review Committee each fiscal year. Within these parameters, senior leaders monitor the performance of the agency and make adjustments as needed to fulfill the mission and strategic objectives.

### **7.0 Results**

#### **7.1 What are your performance levels and trends for the key measures of mission accomplishment and organizational effectiveness?**

The mission of the Office of Regulatory Staff is to represent the public interest in utility regulation by balancing the concerns of the using and consuming public, the financial integrity of public utilities, and the economic development of South Carolina. Fiscal year 2006-2007 was the agency's third fiscal year in operation. The ORS is making progress in identifying the most effective means of tracking performance levels and trends. Those reported on graphically in Category 7 represent some, but not all,

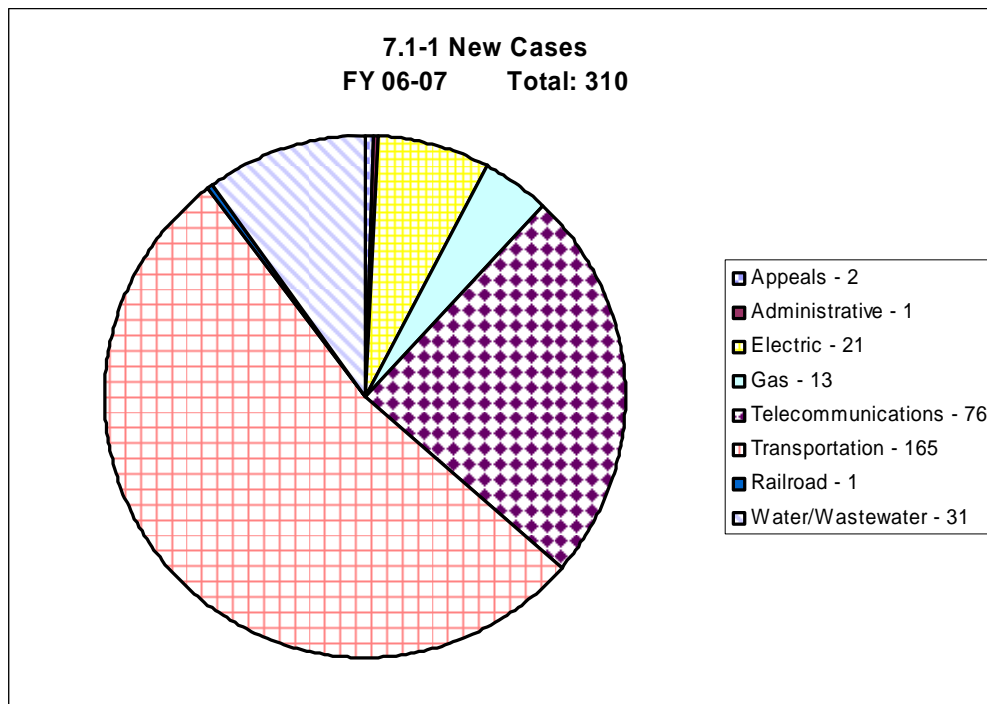
of the current means used to assess performance.

**Key Measure – Regulatory Fiscal Oversight.** This measure includes areas relating to *case management* and to *audits and tracking of regulated utilities’ finances*.

- 1 The ORS is charged with representing the public interest of South Carolina in utility regulation for the major utility industries -- electric, natural gas, telecommunications, water/wastewater, and transportation. -- before the PSC, the court system, the S.C. General Assembly, and federal regulatory bodies.
- 2 S.C. Code Annotated § 58-4-10 lists among the duties and responsibilities of the ORS to serve as a facilitator or otherwise act directly or indirectly to resolve disputes and issues involving matters within the jurisdiction of the PSC.
- 3 The ORS has sole responsibility for the inspection, auditing, and examination of public utilities. The agency must be considered a party of record in all filings, applications, or proceedings before the PSC.

Case management.

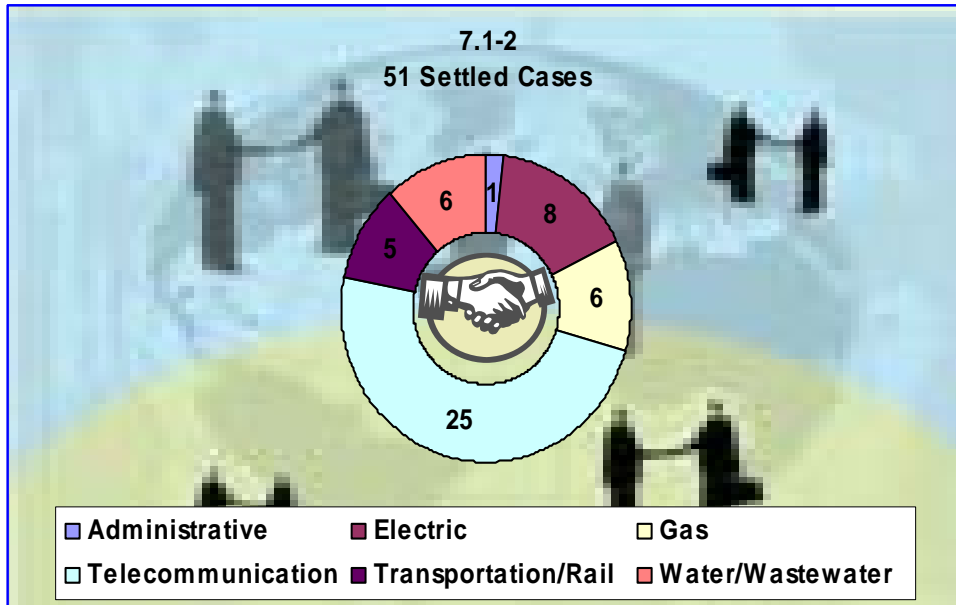
**Chart 7.1-1.** In FY 2006-2007, the ORS participated in 310 cases, a 40% increase over the prior fiscal year. Much of this increase is attributable to a procedural improvement in which non-compliant transportation carriers are now each docketed as a separate matter before the PSC. Prior to this improvement, they were grouped together under single rule-to-show-cause proceedings, thus making it difficult for the public and regulators to follow the certification/decertification of individual companies.



**Chart 7.1-2.** This chart shows the number of cases -- **51** -- in which the ORS facilitated settlement agreements during FY 2006-2007. The settlement of cases benefits all parties involved. In addition to



monetary savings to consumers, there are the additional benefits of reduced legal expenses for utilities as well as the overall benefit to the state’s economy. As noted by many economists and professional analysts, settled cases often result in a better rating of the state’s regulatory environment, which encourages investment in the state’s utilities. *Thus, it can be said that the settlement of cases addresses very effectively all aspects of the public interest that the ORS represents – the consuming public, the regulated utilities, and the economic development of the state.*



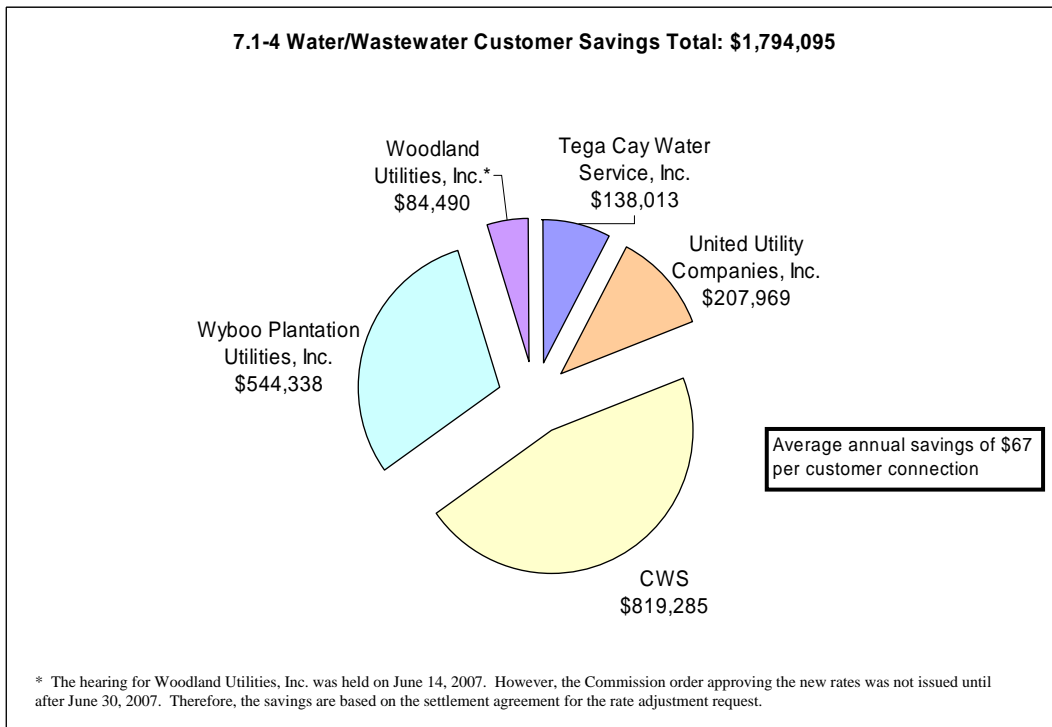
**Chart 7.1-3.** The settlement of six major electric and gas cases that originated during this fiscal year resulted in savings to customers of approximately \$19 million. The completion of the payout on a settlement that originated in August of 2005 and concluded in September of 2007 saved consumers approximately \$39 million. (Note: The latter amount was not reported in the prior fiscal year’s accountability report.) The settlement (or, in one case, resolution) of five major water/wastewater cases resulted in savings to customers of approximately \$2 million. Collectively, these settled or resolved cases account for approximately **\$60 million in savings.**

**7.1-3 Electric & Gas and Water/Wastewater Settlements and Resolutions:**

**Results in Savings to Customers**

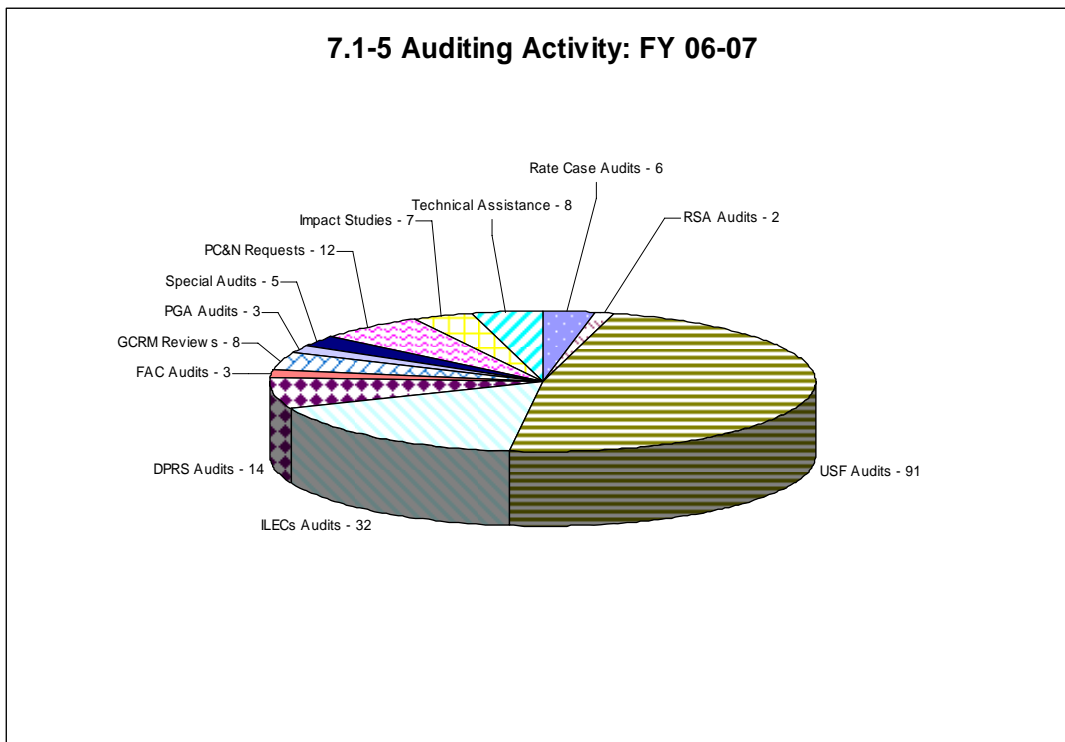


**Chart 7.1-4.** Average savings generated for water/wastewater customers from the five aforementioned cases is \$67 per customer connection per year.



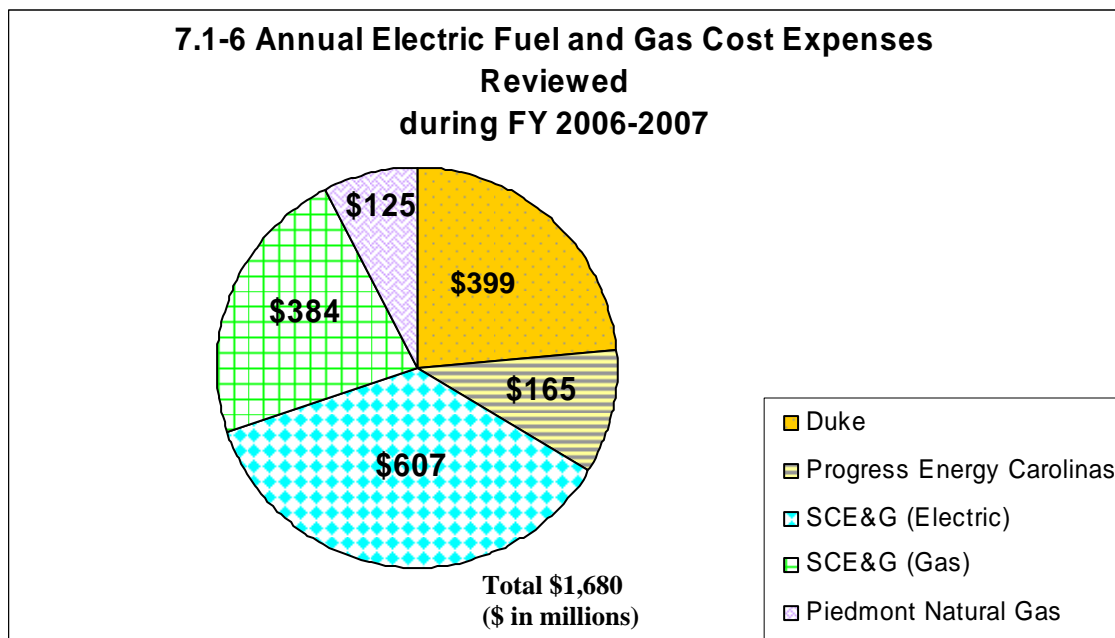
*Audits and Tracking of Regulated Utilities' Finances.*

**Chart 7.1-5.** In FY 2006-2007, the ORS conducted 183 audits and responded to 8 requests for technical assistance. These requests included assistance in the development and review of proposed legislation and regulations as well as assistance to existing utilities and new applicants for certificates of public convenience and necessity.



About half of the audits performed were of the state Universal Service Fund (USF) recipients and contributors. As noted in the *Executive Summary: Major Achievements – Administrative*, the ORS received an outstanding review by the Legislative Audit Council on the administration of the state Universal Service Fund. The review noted that the ORS had implemented all of the LAC's recommendations, which included conducting audits of the fund's recipients and contributors. The ORS will continue these audits on an ongoing basis.

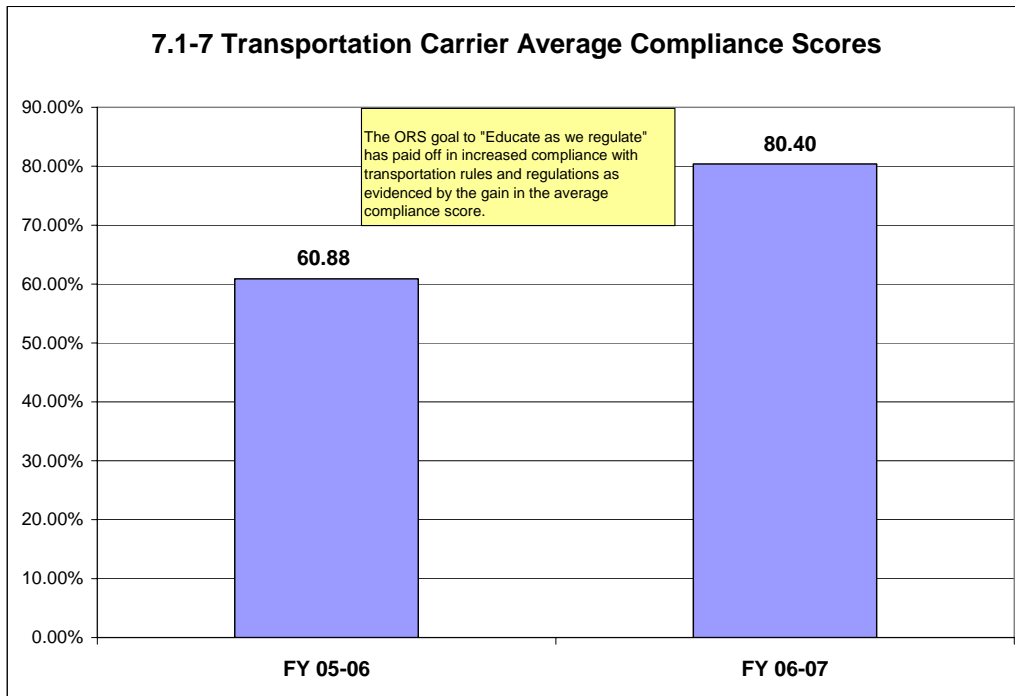
**Chart 7.1-6.** The ORS has oversight responsibility including prudence and audit review of investor-owned electric and gas utilities in South Carolina. The total annual dollars reviewed in examinations of the fuel costs for power generation and natural gas supply during FY 2006-2007 is approximately \$1.7 billion.



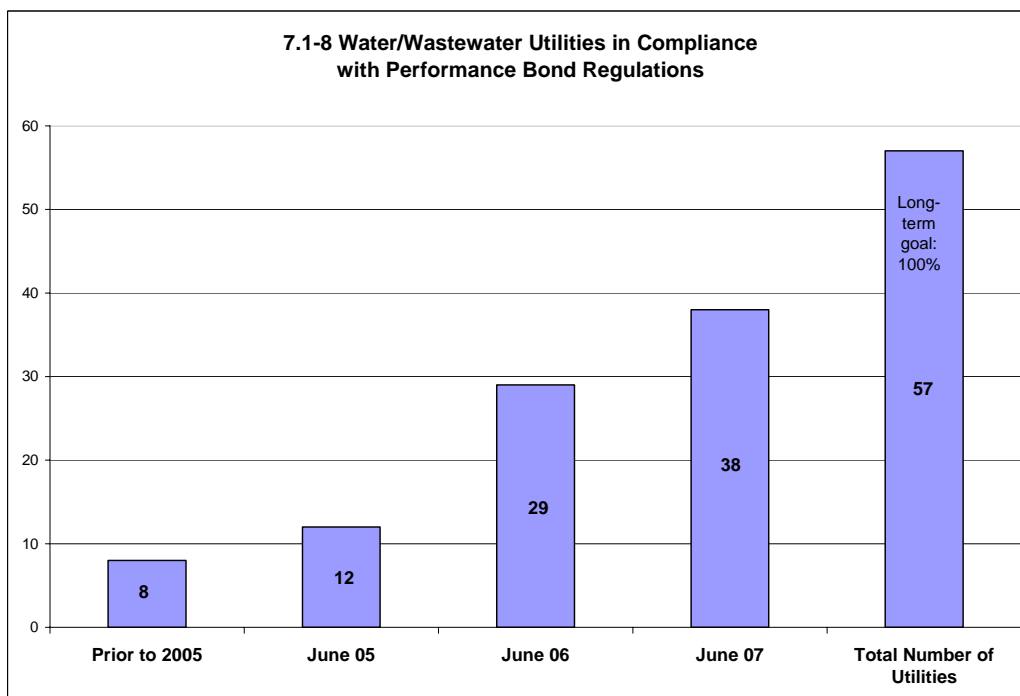
**Key Measure - Regulatory Compliance.** As part of its oversight duties, the ORS is charged with ensuring utilities' compliance with established regulations and statutes. During FY 2006-2007, the ORS initiated numerous rule-to-show-cause proceedings for failure to file annual reports, failure to file telecommunications USF forms, failure to carry insurance or pay transportation decal fees, or failure to post a performance bond. As a result of these proceedings, 123 certificates of non-compliant companies were revoked.

The ORS approach to maximizing compliance is to *educate as we regulate*. Toward this end, the ORS hosts educational workshops for regulated utilities ((See *Section 7.2 Education and Outreach* for participant-satisfaction results regarding workshops) and conducts compliance reviews to assist company owners in maintaining or achieving compliance. Findings from these reviews are provided to the companies to assist them in their compliance efforts.

**Chart 7.1-7.** In FY 2006-2007, the ORS conducted 138 compliance reviews with transportation carriers. Average compliance scores increased by roughly one third from 60.88 in FY 2005-2006 to 80.40 in FY 2006-2007.



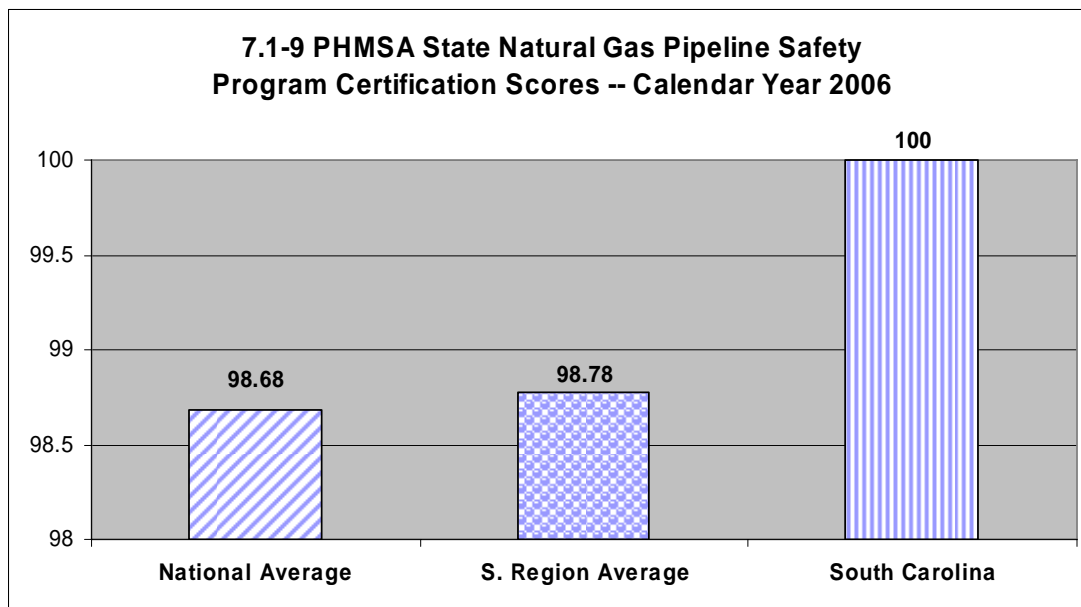
**Chart 7.1-8.** Similarly, the ORS conducted 50 business and site compliance reviews with water/wastewater utilities during FY 2006-2007. Over the long term, the ORS hopes to bring all water/wastewater utilities into compliance with bonding regulations that require a minimum of \$100,000 posted for each utility. Since the first six months of ORS’ regulatory authority (January through June of 2005), the agency has continued to make progress toward this goal. The number of companies in compliance in June of 2007 represents about a 30% increase when compared to June of 2006. Currently, the ORS is about two-thirds of the way towards its long-term goal of 100% compliance.



**Key Measure – Safety Oversight.** In addition to its regulatory oversight functions, the ORS has oversight responsibility for natural gas and hazardous liquid pipeline safety and railroad safety in South Carolina.

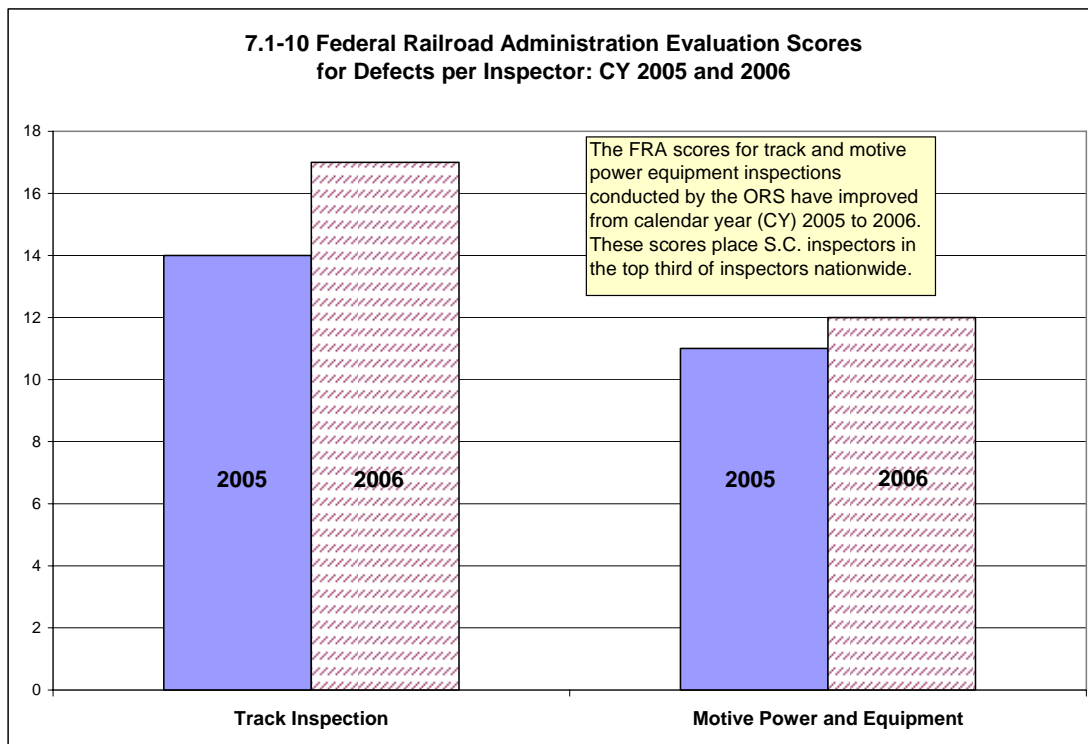
**Natural Gas Pipeline Safety.** The ORS has pipeline safety responsibility over the operators of natural gas distribution and transmission pipeline systems, liquefied natural gas facilities, certain liquefied propane systems, intrastate liquid pipelines, landfill gas systems, and lateral pipelines from interstate pipeline systems. During FY 2006-2007, the ORS conducted 224 inspections of varying types including emergency plan reviews, operations and maintenance procedure reviews, facility evaluations, new construction, operator qualification plans, and drug- and alcohol-abuse prevention plans. Findings from these inspections are aggregated and analyzed, and feedback is provided to the operators to assist them in meeting all state and federal safety regulations.

**Chart 7.1-9. In calendar year 2006, the ORS received a score of 100** from the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration (PHMSA). This score was based on a site evaluation and review conducted in the spring of 2007 as well as a year-end validation of certification information for the annual compliance and monitoring report. The chart shows the ORS score in relation to the national average and the average for the southern region, which includes nine states.



**Railroad Safety.** The ORS shares responsibility with the Federal Railroad Administration (FRA) for inspecting track and motive power and equipment on the state’s railways. In FY 2006-2007, the ORS participated in an FRA claims collection proceeding against a major railroad company. This represented the first time that a state track inspector from South Carolina was invited to attend and defend violations against this particular company. In addition, the ORS was one of eight states to participate in the creation of the first edition of a managers’ handbook for rail safety.

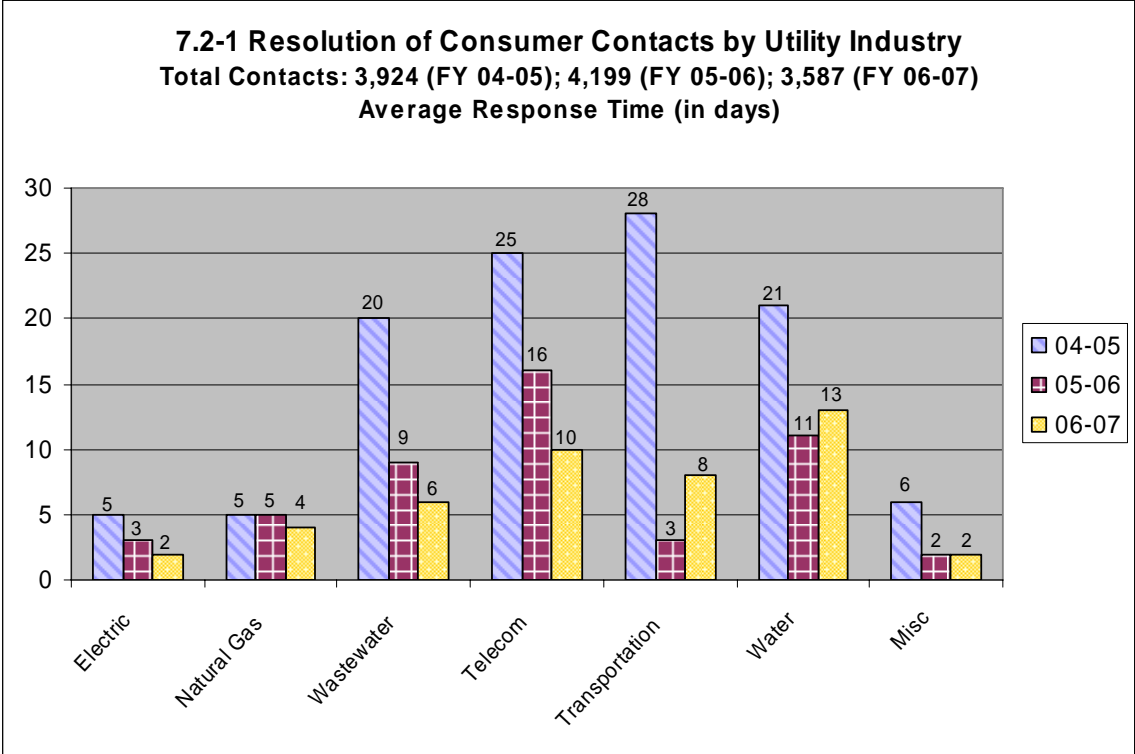
**Chart 7.1-10.** The FRA rates all inspectors, both state and federal. ORS inspectors have improved their ratings in both track and motive power from calendar year 2005 to 2006 and continue to rank in the top third of inspectors nationwide.



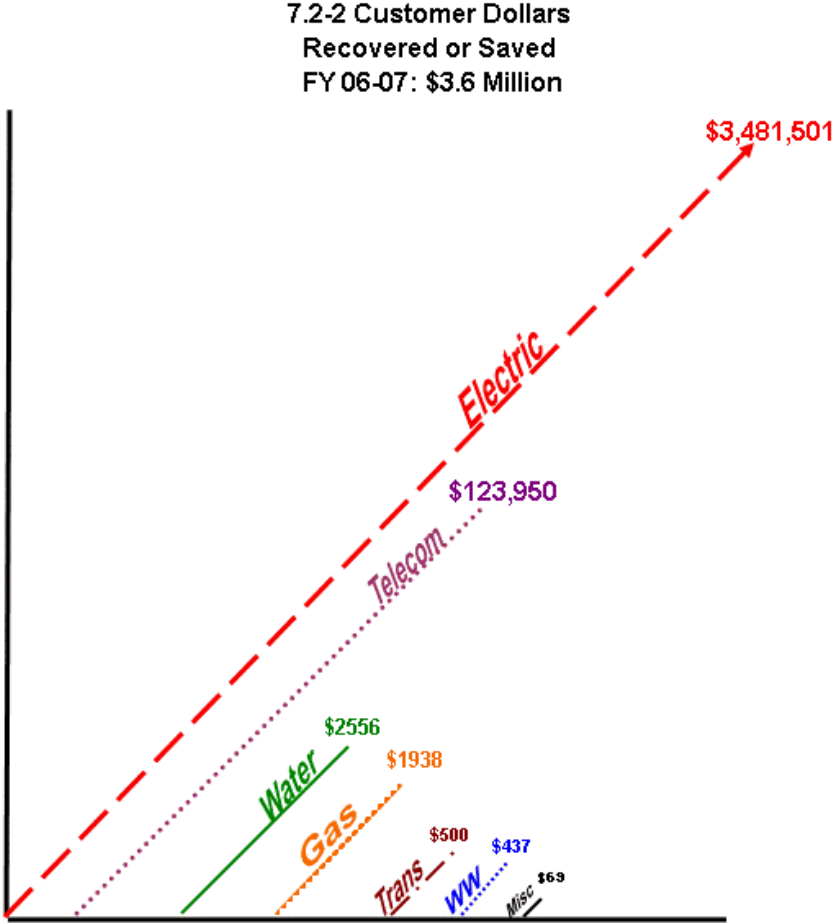
## **7.2 What are your performance levels and trends for the key measures of customer satisfaction?**

**Key Measure-Customer Satisfaction.** As noted earlier in this report, the Review Committee conducts an annual survey of individuals who have had contact with the ORS concerning matters filed with the Public Service Commission. This includes matters negotiated by the ORS as well as matters heard by the PSC in which the ORS participated. The Review Committee also conducts an annual survey of ORS employees. The Committee does not share the specific results of these surveys with the agency but provides guidance based on the results. Therefore, this data is not available for graphing in this report. However, the ORS does have quantitative information on some of its key services provided to customers.

**Chart 7.2-1** depicts the average length of time (in days) that the agency took to resolve customer contacts, which are categorized by utility industry. During FY 2006-2007, the ORS processed a total of 3,587 customer contacts. Compared to the prior fiscal year (2005-2006), the average response time decreased for electric, natural gas, wastewater, and telecommunications. Since FY 2004-2005, average response time has decreased across all utility industries. This overall improvement is due to a continued effort by ORS Consumer Services to work with the regulated utilities on improving the utilities' response time to the ORS with regard to providing requested information.

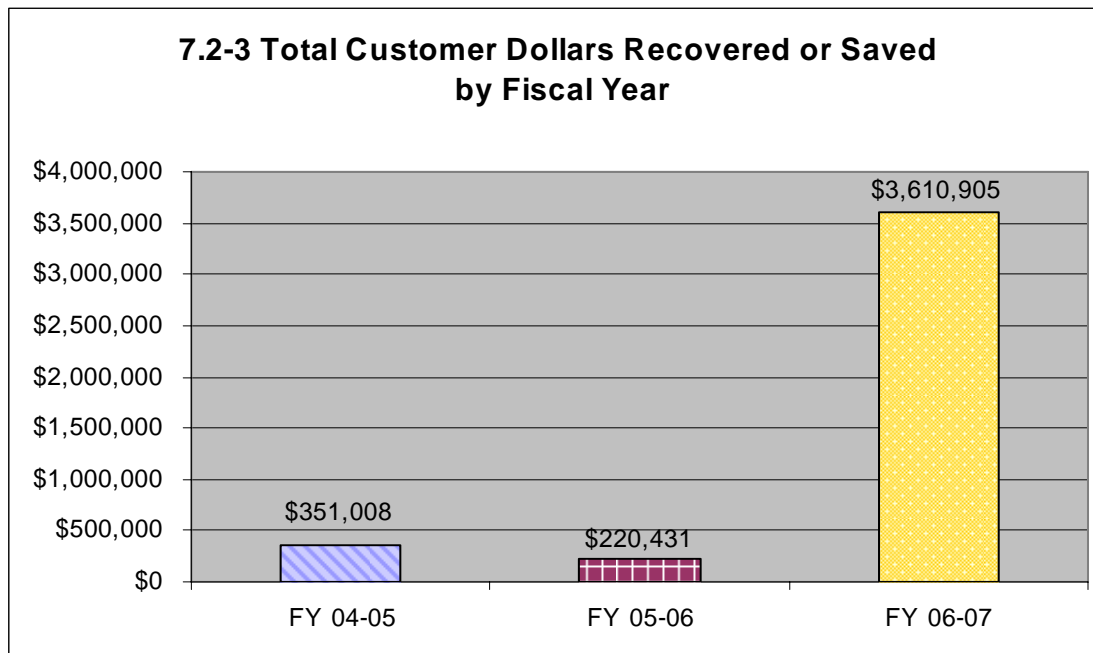


**Chart 7.2-2** illustrates the dollars recovered or saved for customers during FY 2006-2007 by utility industry.



**Chart 7.2-3** shows a comparison of total dollars recovered by fiscal year. The large increase in FY 06-07 is due to an agreement that the ORS facilitated between an electric investor-owned utility and certain industrial customers to better utilize their energy consumption by taking advantage of cost savings through the offering of real-time price signals. This agreement provides an annual savings to customers of approximately **\$3 million** and represents \$3 million of the \$3.6 million for FY 06-07 shown in the chart below.

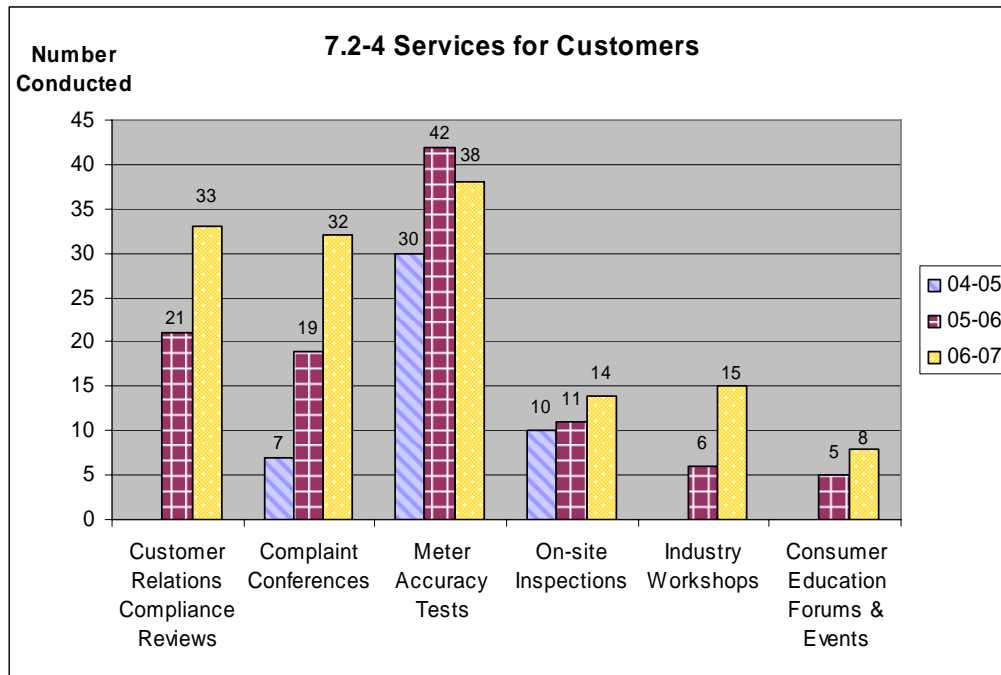
The fact that this agreement benefits all parties makes it conducive to **economic development**. For the utility, the agreement provides a means for lowering the overall cost of generation by utilizing facilities in a more efficient way. It also helps preserve the utility's customer base by enhancing the viability of the industrial customers involved in this agreement. These industrial customers reap savings by better controlling their costs, thus helping to preserve jobs. (See *Executive Summary: Major Achievements – Economic Development* for other key accomplishments in this area.)



**Chart 7.2-4.** The ORS tracks several key services for customers – both consumers and utilities. As illustrated in this chart, the overall level of services provided continues to increase with each fiscal year. For example, the number of customer relations compliance reviews conducted in FY 2006-2007 increased by 57% over the prior fiscal year. These reviews help to ensure that utilities are offering customer service that meets or exceeds required standards as mandated by governing rules and regulations. Review findings are aggregated and analyzed, and feedback is provided to the utilities to assist them in their efforts to provide excellent customer service. Furthermore, these reviews often result in the identification (and subsequent refund to consumers) of overcharges and in updates to utilities' customer information on how to contact the ORS for assistance.

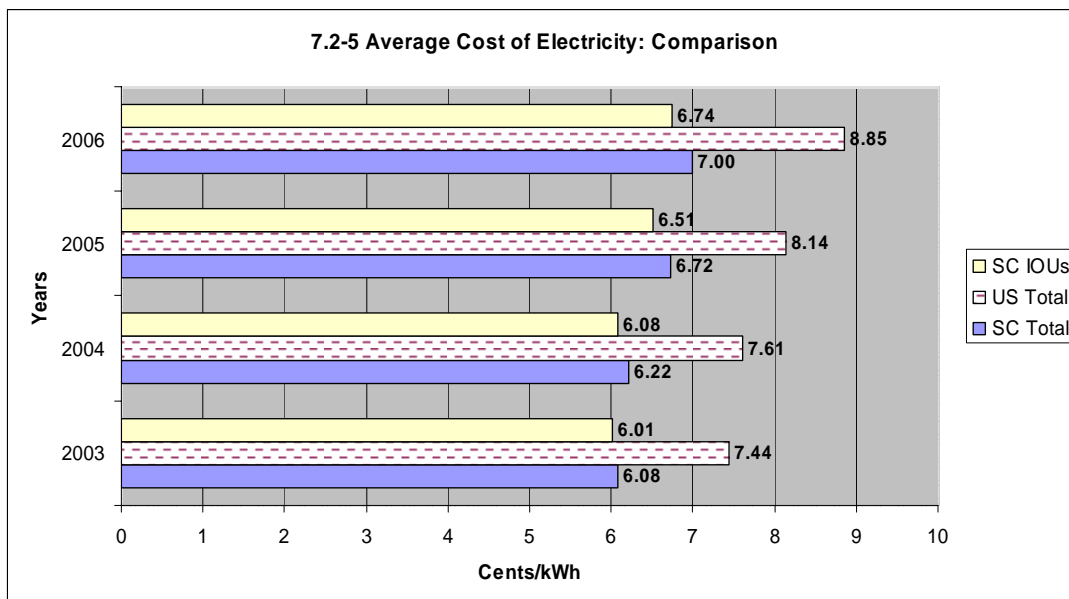
In addition, the number of complaint conferences held this fiscal year increased by 68% compared to FY 2005-2006 and by 360% (over fivefold) compared to FY 2004-2005. This trend is reflective of continuing efforts by the ORS to facilitate the resolution of consumer complaints with regulated utilities.



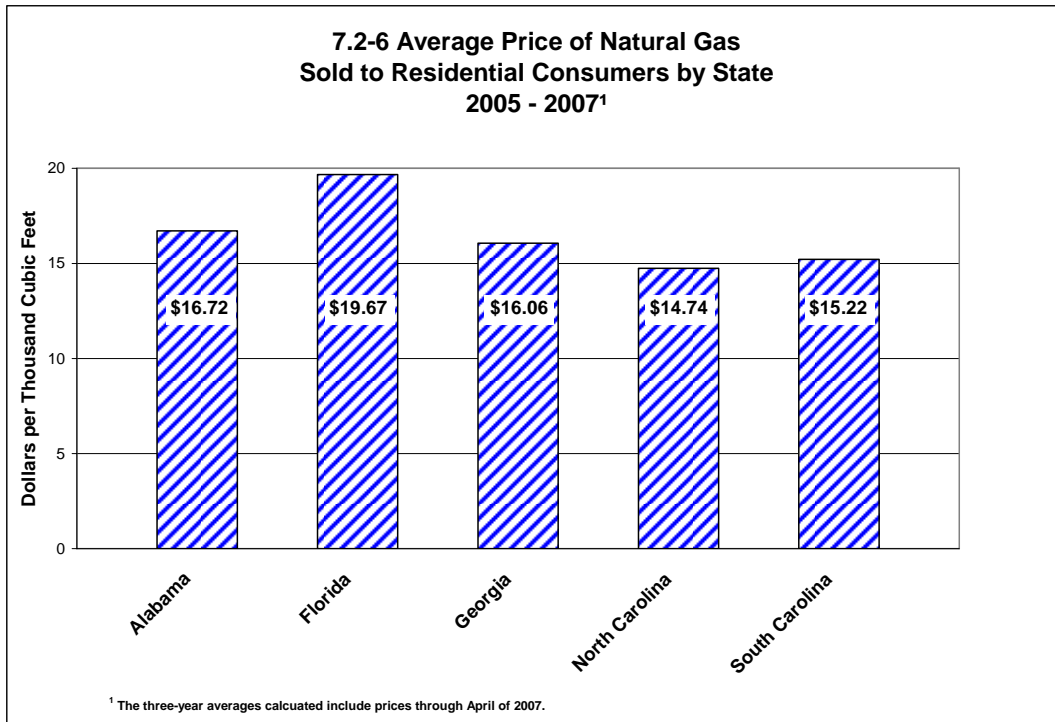


**Chart 7.2-5** relates to the regulation of electric energy costs, which has a direct impact on consumers' pocketbooks. Chart 7.2-5 shows a comparison of the average cost of electricity in cents per kilowatt hour among the United States as a whole, South Carolina as a whole, and the investor-owned utilities (IOUs) in South Carolina, who are within the regulatory purview of the ORS. The graph covers calendar years 2003 through 2006. This time span includes 2005, which was the initial year of full participation by the ORS in electric rate matters for South Carolina's IOUs.

South Carolina's average cost continues to be well below the national average. When comparing 2003 to 2006, the percent difference in costs between South Carolina's IOUs and the U.S. total has increased from approximately 24% to 31%. During these four years, energy costs were adversely affected by increasing fuel and transportation costs used in the generation of electricity. Despite these factors, the average cost for South Carolina's IOUs increased by 0.73 cents per kilowatt hour while that for the U.S. increased by 1.41 cents per kilowatt hour or approximately 93% more than for the state's IOUs.



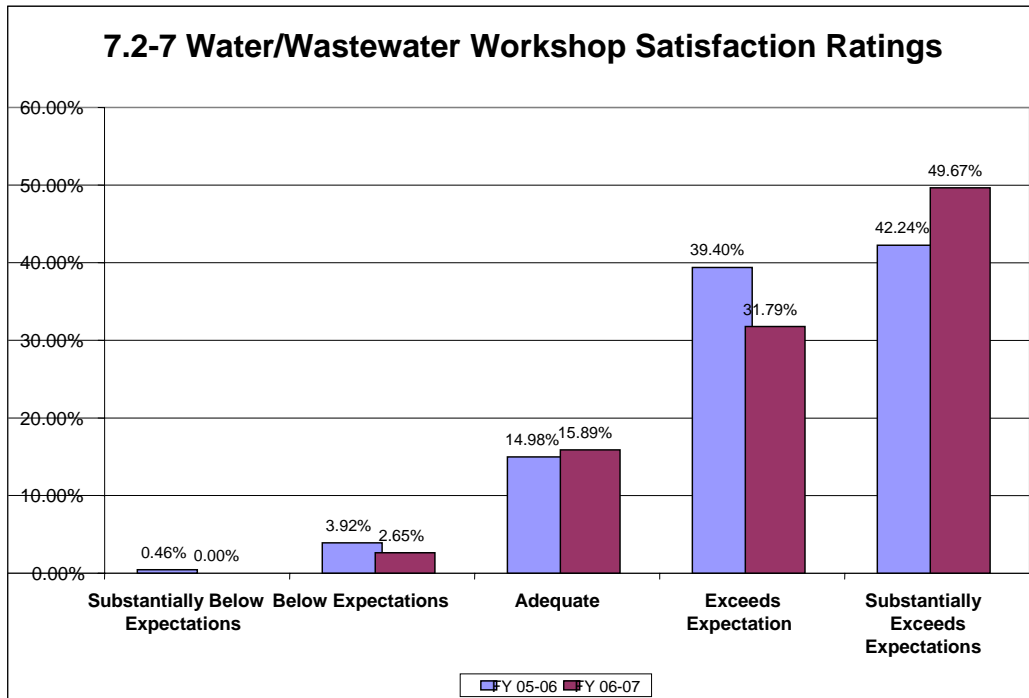
**Chart 7.2-6** relates to the regulation of natural gas costs which -- once again -- has a direct impact on consumers' pocketbooks. This chart shows a comparison of the average price of natural gas sold to residential consumers. Prices were averaged for calendar years 2005 through 2007, with prices for the latter year calculated through April. South Carolina, with an average price of \$15.22, is second-lowest when compared to four other southern states.



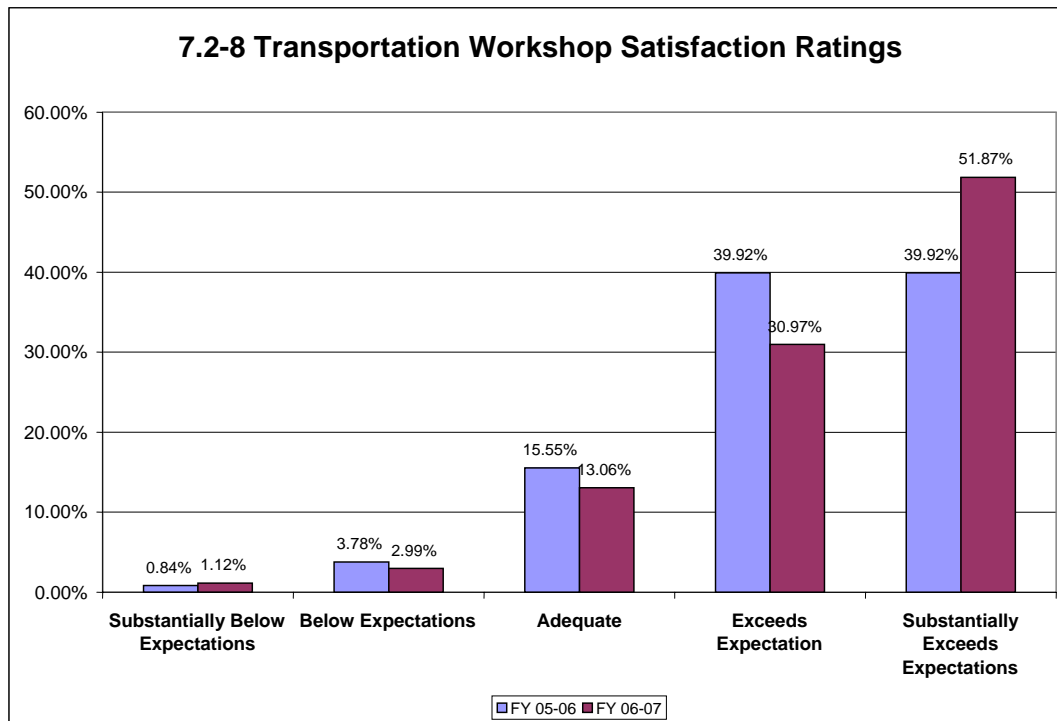
**Key Measure—Education and Outreach.** The ORS provides consumer education to help utility customers make educated choices and understand their rights and obligations as consumers of public utilities. In addition to press releases sent regularly to media outlets statewide and posted on the ORS web site, the agency distributed almost 100,000 pieces of consumer education and outreach materials (brochures, booklets, applications, etc.) to consumers in FY 2006-2007 on the Lifeline program and various consumer issues. The agency also provides education efforts for regulated utilities to help them maintain compliance and provide the best possible service to their customers. Highlights of some of these efforts are presented below.

**Education -- Chart 7.2-7 through 7.2-9** provide examples of the very high satisfaction rating given by representatives of regulated utilities who participate in workshops hosted by the ORS. A variety of workshops were held this year including a water/wastewater workshop, a series of transportation workshops held around the state, and a pipeline safety seminar.

In **Chart 7.2-7** approximately 82% of water/wastewater participants said that the ORS Water/Wastewater Workshop exceeded their expectations. This overall figure somewhat mirrors the prior year (FY 05-06); however, the percentage noting *substantially exceeds* rose 8 percentage points from approximately 42% to 50%.



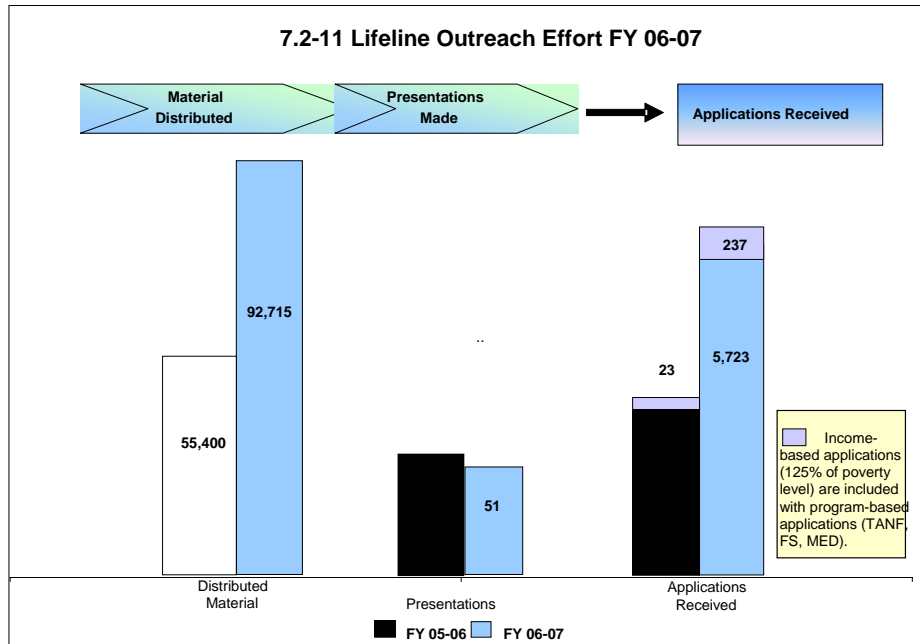
**Chart 7.2-8** shows that the transportation workshops exceeded the expectations of approximately 83% of participants, an increase of approximately 3 percentage points from FY 05-06. Furthermore, the percentage noting *substantially exceeds* increased by approximately 12 percentage points from one year to the next.



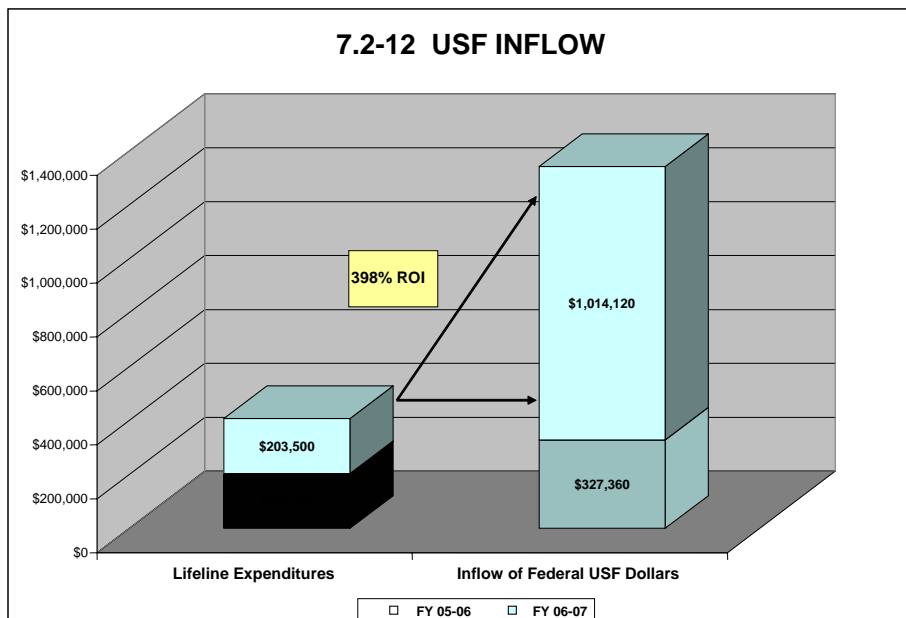
**Chart 7.2-9** shows high satisfaction rates among attendees of the ORS Federal-State Pipeline Safety Seminar with 87% saying that they would attend a similar seminar again.



**Chart 7.2-11** illustrates the impressive progress made in the two years that the program has been managed by the ORS. Looking collectively at FY 2005-2006 and FY 2006-2007, the ORS concentrated its efforts on getting the word out to potential program participants through a targeted information plan that included (over a two-year period) the distribution of over 148,000 printed materials and grass-roots presentations to over 38,000 people across the state. These efforts culminated in the applications submitted by 2,728 households in FY 2005-2006 and 5,723 households in FY 2006-2007, with the latter representing a 110% increase over the prior year.



**Chart 7.2-12** illustrates the economic benefit to South Carolina of the Lifeline and Link-up programs. The cost of the program during FY 2006-2007 was \$203,500. Each enrolled household generates to the state an inflow of \$120 federal USF dollars per 12-month period. In FY 2006-2007 the cumulative (year-upon-year) inflow of federal funds was over \$1,000,000. Therefore, the per-year cost of the program in relation to the recurring federal funds it brings to the state represents a Return on Investment (ROI) of 398%.



### **7.3 What are your performance levels for the key measures of financial performance?**

**Key Measure – Budget and Finance.** The ORS monitors financial performance by measuring the following: participation in the gross- receipt process by the regulated utilities; payments to the Universal Service Fund, the Interim LEC Fund, and the Dual Party Fund; collection of decal revenue; the budget-to-expense balance; and the accounts receivable activity.

The main source of funding for the ORS is through the gross-receipt process. Utilities report their gross-revenue receipts to the ORS, and they are subsequently assessed a portion of the cost of the ORS. The Department of Revenue handles the assessment and collection process, and the ORS handles the collection of data and the development of the assessment. Compliance with the reporting process is measured.

Compliance with the requirements of the Universal Service Fund and the Interim LEC Fund filings and payments is also monitored. Late fees are assessed on delinquent Universal Service Fund and Interim LEC Fund payments. Follow-up and collection of accounts receivable is done on a monthly basis.

The ORS maintains fiscal solvency through continual review of expenses and revenues and monthly reconciliation of its cash accounts. Additionally, careful attention is given to the budget process to ensure adequate funds are available for necessary resources. Since the inception of the ORS, there have been no requests for budget increases and, therefore, no resulting increased costs to utilities and consumers.

### **7.4 What are your performance levels and trends for the key measures of Human Resource results?**

**Key Measure – Human Resources.** ORS Human Resources measurements include Equal Employment Opportunity (EEO) goal attainment, turnover rates, exit interviews, employee training hours, and EPMS scores.

This past year the ORS achieved 99% of its equal opportunity goal. This was the first reporting period for ORS with Human Affairs.

Human Resources utilizes internal training as an effective tool for communicating with employees. The ORS is monitoring, through the E-Leave system installed last year, the number of hours of training per employee as well as the kind of training being taken. This information -- along with the employees' and the agency's needs -- is reviewed, monitored, and adjusted to ensure employees are continually provided training and that the agency has staff trained in the areas the agency utilizes.

The ORS monitors the turnover rate and EPMS scores for any trends of concern. As shown in Chart 7.4-1, the ORS turnover rate for FY 2006-2007 is less than the ORS turnover rate for the prior fiscal year and is also less than the average S.C. state government turnover rate.

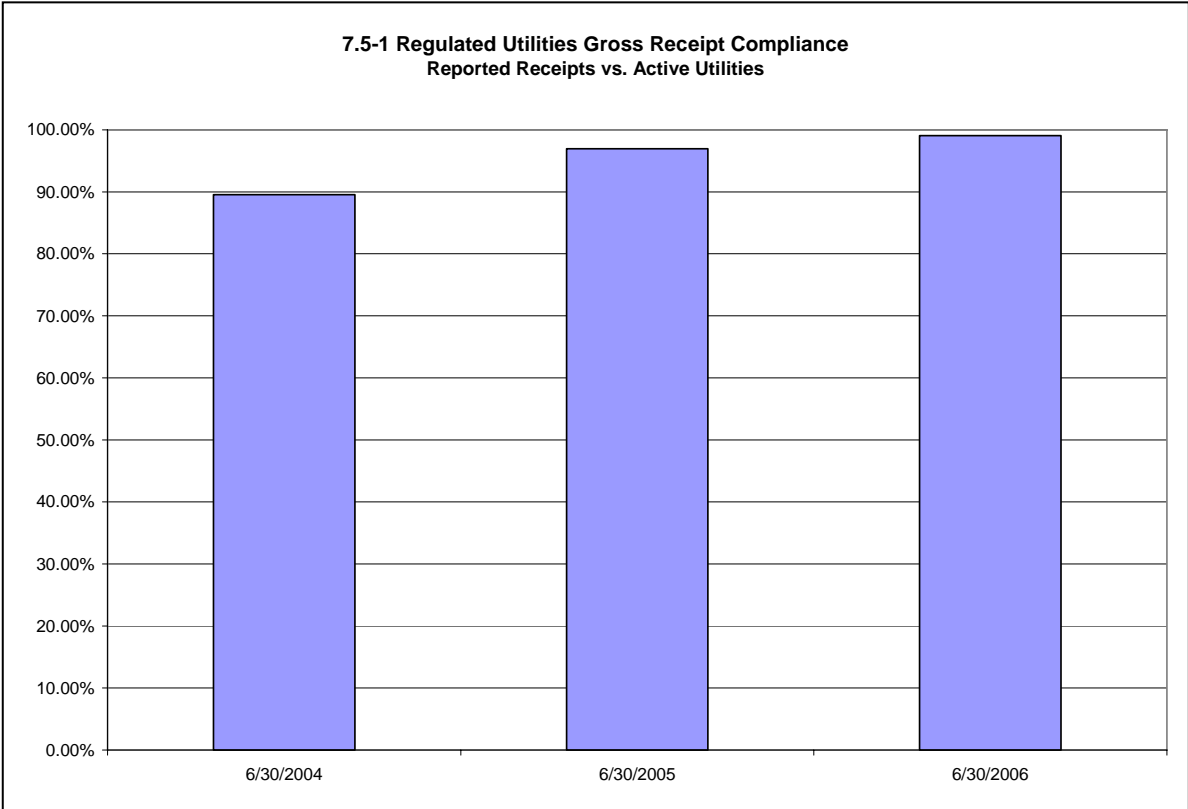
Attention is paid to exit interviews and to the suggestion box in order to identify areas that may need to be addressed.

The ORS is continuing to identify measurements that will effectively assist management in the human resources area.



**7.5 What are your performance levels and trends for the key measures of regulatory/legal compliance and community support?**

The ORS monitors utility compliance with Section 58 of the Code of Laws of South Carolina 1976. Key measures include the level of compliance with the collection of data (gross receipts, annual reports, access lines), the receipt of assessments, financial audits, and decal revenue. (See *Section 7.1 Key Measure: Compliance* for additional performance data.) As shown in Chart 7.5-1, the ORS continued to improve utilities’ compliance with filing gross receipt forms.



As mandated by the agency's enabling legislation, Act 175 of 2004, all ORS employees participated in six hours of ethics training this year.

In addition, the ORS has established processes and procedures to ensure compliance with the state's financial guidelines such as the GAAP Accounting Standards as well as the requirements of the Comptroller General and the Treasurer's Office.

The GAFRS system is utilized for receivables and payables. The ORS participated in the planning for the implementation of SCEIS (S.C. Enterprise Information System) and expects to implement that system when it becomes available.

In addition, the ORS has processes in place to ensure compliance with the procurement code. A requisition system has been established as well as procurement procedures. The GAFRS system is used to process purchase orders.

The agency established key policies under the guidelines of the S.C. Budget and Control Board's Office of Human Resources to become compliant with state human resource regulations. The ORS has implemented the EPMS program and made necessary corrections to the process as dictated by the agency's needs.

A number of initiatives are being developed to assist the community in using the services of the ORS. Initiatives include planning outreach efforts to various segments of the community; enhancing the reporting and technology systems used to retrieve, record, and analyze complaints and inquiries; and developing programs for special needs within the community.

The ORS supports communities throughout the state by its participation in the Operation Lifesaver program, which promotes safety awareness near railroads and railroad equipment. During FY 2006-2007, the agency made presentations at eight elementary schools to over 700 students.

The ORS continues to play a major role in ongoing statewide emergency preparedness efforts. Seven staff members serve on emergency support function (ESF) teams – namely, Energy, Transportation, Public Works and Engineering -- and on the State Emergency Assessment Team. The ORS is the lead agency for the Energy team (ESF-12).

The ORS is involved in civic and charitable activities to help those in need. These efforts have included participation in or support of the following: a blood drive, the Cinderella Project that collects gently used prom wear, the United Way of the Midlands fund drive and the First Ladies' Walk for Life that promotes breast cancer awareness. As individuals, ORS managers and staff members are involved in a wide array of civic activities and professional organizations that benefit the communities in which they live and work.